

**PEA RIDGE PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)**

**Date of Closing: December 28, 1992**

**BOND TRANSCRIPT**

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**PEA RIDGE PUBLIC SERVICE DISTRICT**  
**SEWER REVENUE BONDS, SERIES 1992**  
**(WEST VIRGINIA SRF PROGRAM)**  
**and**  
**INTERIM CONSTRUCTION FINANCING**

**BOND AND NOTES RESOLUTION**

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PEA RIDGE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF PEA RIDGE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND AUTHORIZING OR RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PEA RIDGE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof; the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. Pea Ridge Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Cabell County of said State.

B. The Issuer presently owns and operates a public sewerage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions for such existing sewerage facilities of the Issuer, consisting of improvements to its existing "A" Plant, "B" Plant and lift stations and the construction of an administration, maintenance and storage building, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities, the Project and any further additions or improvements thereto or extensions thereof are herein called the "System") at an estimated cost of \$1,250,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1992 Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Resolution, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), in the total aggregate principal amount of not more than \$1,250,000, initially to be represented by a single bond (the "Series 1992 Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Series 1992 Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than \$500,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Series 1992 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1992 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as

hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1992 Bonds and/or the Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1992 Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The Issuer intends to permanently finance such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. It is in the best interests of the Issuer that its Series 1992 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There is an outstanding obligation of the Issuer which will rank on parity with the Series 1992 Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Refunding Revenue Bonds, Series 1990, dated May 1, 1990, issued in the original aggregate principal amount of \$2,700,000 (the "Prior Bonds").

The Issuer has met the parity requirements of the Prior Bonds and the Prior Resolution (as hereinafter defined) and the Series 1992 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such Grant

Anticipation Notes and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Grant Anticipation Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Series 1992 Bonds, certain proceeds of such Bond Anticipation Notes and the Net Revenues, if necessary, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Bond Anticipation Notes.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1992 Bonds as to liens, pledge and/or source of and security for payment.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Series 1992 Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a Certificate of Public Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1992 Bonds or any of the Notes or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1992 Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1992 Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note of a series and any other Note of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and registered owner of the Series 1992 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Resolution" or "Bond and Notes Resolution" means this Bond and Notes Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bond Year" means each one-year period (or shorter period from the date of issue of the Series 1992 Bonds) that ends at the close of business on October 1 of each calendar year, unless otherwise required under the Code.

"Bonds" means, collectively, the Series 1992 Bonds and any bonds on a parity therewith authorized to be issued hereunder, and includes the Prior Bonds, whether such Prior Bonds are specifically referred to or not, unless the context otherwise requires.

"Chairman" means the Chairman of the Governing Body of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means ERM-Midwest, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any



gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Pea Ridge Public Service District, in Cabell County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered into or to be entered into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1992 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1992 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1992 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the

Series 1992 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1992 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1992 Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means, collectively, the not more than \$500,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution pertaining to such Notes and its successors and assigns.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium,

if any, or interest on the Bonds or the Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, or all Notes theretofore and thereupon being authenticated and delivered, as applicable, except (i) any Bond or Note cancelled by the Bond Registrar or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Series 1992 Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1990, dated May 1, 1990, issued in the original aggregate principal amount of \$2,700,000.

"Prior Resolution" means, the resolution of the Issuer adopted May 29, 1990, authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a

person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of improvements to its existing "A" Plant, "B" Plant and lift stations and the construction of an administration, maintenance and storage building, together with all appurtenant facilities.

"Qualified Investments" means and includes any of the following:

(1) Government Obligations.

(2) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

(a) Export-Import Bank,

(b) Farmers Home Administration,

(c) General Services Administration,

(d) United States Maritime Administration,

(e) Small Business Administration,

(f) Government National Mortgage Association (GNMA),

(g) United States Department of Housing & Urban Development (PHA's),

(h) Federal Housing Administration.

(3) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AAm;

(4) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A-1 or better by S&P and P-1 by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(5) Certificates of deposit, savings accounts, deposits accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;

(6) Investment agreements, including guaranteed investment contracts;

(7) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(8) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(9) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(10) Repurchase agreements, the maturity of which are 30 days or less, entered into with (1) a Qualified Bank or (2) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation ("SIPC"); such repurchase agreement must be continuously and fully secured by first perfected security interests in obligations of the type described in clause (1) or (2) above which have a fair market value, exclusive of accrued interest, at least equal to 103% of the amount invested in the repurchase agreement and which are held by the Depository Bank or its agent or, in the case of book-entry securities, are registered in the name of the Depository Bank as pledgee and are free and clear of any adverse claims, must be valued weekly and marked-to-market at current market price, plus accrued interest, and must be a legal investment under the laws of the State; and

(11) State pooled investment funds.

"Registered Owner," "Noteholder," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar, or both.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Revenue Fund" means the Revenue Fund established (or continued under) by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1992 Bonds" means the not more than \$1,250,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1992 Bonds in the then current or any succeeding year.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 hereof.

"SRF Program" means the State's Water Pollution Control Revolving Fund program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds from the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental

resolution or resolutions authorizing the sale of any or all of the Notes or the sale of the Series 1992 Bonds, as the case may be; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Series 1992 Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1992 Bonds (including, without limitation, the Prior Bonds) or any other obligations of the Issuer, including, without limitation, the Depreciation Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$1,250,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Series 1992 Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.



### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1992 Bonds, funding a reserve account for the Series 1992 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1992 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1992 Bonds of the Issuer, in an aggregate principal amount of not more than \$1,250,000. The Series 1992 Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1992 Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Series 1992 Bonds remaining after funding of the Series 1992 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1992 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1992 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1992 Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1992 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1992 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1992 Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same

series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1992 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1992 Bonds shall cease to be such officer of the Issuer before the Series 1992 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1992 Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1992 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1992 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1992 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1992 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1992 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.  
In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing

a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1992 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1992 Bonds Reserve Account. No holder or holders of the Series 1992 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1992 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all the Series 1992 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Depreciation Fund are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1992 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1992 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1992 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1992 Bonds to the original purchasers; and

C. The unqualified approving opinion of bond counsel on the Series 1992 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1992 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PEA RIDGE PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1992  
(WEST VIRGINIA SRF PROGRAM)

No. R-\_\_\_\_\_

\$\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That PEA RIDGE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and such interest shall be payable quarterly on \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated \_\_\_\_\_, 199\_\_\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on \_\_\_\_\_, 199\_\_\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 199\_\_\_\_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REFUNDING REVENUE BONDS, SERIES 1990, DATED MAY 1, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,700,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from

said special fund provided from the Net Revenues, the moneys in the Series 1992 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed



precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, PEA RIDGE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 199\_\_.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1992 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer attest the same, and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Series 1992 Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$500,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 1992 Bonds or the Net Revenues (if issued in the form of Bond Anticipation Notes) or the Grant Receipts, the Surplus Revenues and letter of credit proceeds (if issued in the form of Grant Anticipation Notes) and from other sources described in the Indenture and/or such supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit

from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.



## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established (or continued if previously created and established by the Prior Resolution) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (created and established by the Prior Resolution);
- (2) Operation and Maintenance Fund (created and established by the Prior Resolution);
- (3) Depreciation Fund (created and established by the Prior Resolution);
- (4) Rebate Fund (created and established by the Prior Resolution);
- (5) Series 1992 Bonds Rebate Fund; and
- (6) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created and established (or continued if previously created and established by the Prior Resolution) with the Commission:

- (1) Prior Bonds Sinking Fund (created and established by the Prior Resolution);
  - (a) Within the Prior Bonds Sinking Fund, the Prior Bonds Reserve Account.
- (2) Series 1992 Bonds Sinking Fund;
  - (a) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond

Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein and in the Prior Resolution provided.

(1) The Issuer shall first each month transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Resolution to be deposited in the Prior Bonds Sinking Fund for payment of principal of and interest on the Prior Bonds, (ii) simultaneously with the transfer set forth in subsection 5.03A(2)(i), on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 1992 Bonds for which interest has not been capitalized or as required in the Loan Agreement, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1992 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Series 1992 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iii) simultaneously with the transfers set forth in subsections 5.03A(2)(i) and (ii), on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Series 1992 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1992 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, (i) transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Resolution to be deposited in the Prior Bonds Reserve Account at the times provided in the Prior Resolution, and (ii) simultaneously, with the transfer set forth in subsection 5.03A(3)(i), on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1992 Bonds, if not fully funded upon issuance of the Series 1992 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 Bonds Reserve Account, an amount equal to 1/120 of the Series 1992 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1992 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1992 Bonds Reserve Requirement.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the first month in which interest shall be payable from the Revenue Fund and as previously set forth in the Prior Resolution and not in addition thereto, transfer to the Depreciation Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with the Prior Resolution and Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System and as permitted under the Prior Resolution; provided, that any deficiencies in the Prior Bonds Reserve Account and the Series 1992 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Depreciation Fund.

(5) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, accrue the surplus then remaining in the Revenue Fund until there is on deposit in the Revenue Fund a sum equal to the budgeted Operating Expenses for the remainder of the then current Fiscal Year and the next ensuing Fiscal Year. Any excess of moneys then remaining in the Revenue Fund may be used for any lawful purpose of the System.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds and accounts on such ensuing payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and Section 4.03 of the Prior Resolution, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

Moneys in the Series 1992 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1992 Bonds as the same shall become due. Moneys in the Series 1992 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1992 Bonds, as the same shall come due, when other moneys in the Series 1992 Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Series 1992 Bonds Rebate Fund permitted hereunder.

Except to the extent transferred to the Series 1992 Bonds Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1992 Bonds Sinking Fund and the Series 1992 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 1992 Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Series 1992 Bonds Rebate Fund permitted hereunder, any withdrawals from the Series 1992 Bonds Reserve Account which result in a reduction in the balance of the Series 1992 Bonds Reserve Account to below the Series 1992 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Prior Bonds Sinking Fund, the Prior Bonds Reserve Account and the Series 1992 Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1992 Bonds Sinking Fund or into the Series 1992 Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1992 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity basis and pro rata, with respect to the Prior Bonds and the Series 1992 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1992 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1992 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Series 1992 Bonds Rebate Fund permitted hereunder, the Series 1992 Bonds Sinking Fund, including the Series 1992 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1992 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission its required interest, principal

and reserve payments, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation and the Prior Resolution. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Issuer shall complete the "Monthly Payment Form," the form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its check to the Authority by the 5th day of such calendar month.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Operation and Maintenance Fund, the Depreciation Fund, the Rebate Fund and the Series 1992 Bonds Rebate Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. The Gross Revenues of the System shall only be used for purposes of the System.

G. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following the Completion Date, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1992 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1992 Bonds, there shall first be deposited with the Commission in the Series 1992 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 Bonds for the period commencing on the date of issuance of the Series 1992 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1992 Bonds, there shall be deposited with the Commission in the Series 1992 Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1992 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1992 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining advances of moneys derived from the sale of the Series 1992 Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Series 1992 Bonds Rebate Fund permitted hereunder, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1992 Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority and the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1992 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," the form of which is attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.



Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes or any line of credit evidenced by such Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Series 1992 Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1992 Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1992 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of

the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered June 25, 1992 (Case No. 91-631-PSD-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the System, or any part thereof, except as provided in the Prior Resolution and with the written consent of the Authority and the DEP.

Additionally, so long as the Series 1992 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 1992 Bonds, including the Prior Bonds, and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1992 Bonds, immediately be remitted to the Commission for deposit in the Series 1992 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1992 Bonds. Any balance remaining after the payment of all the Series 1992 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution and/or the Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such

sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Revenue Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to any or all of the Notes issued under the Indenture and/or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture (if

an Indenture is used) and the Bond Legislation; and, so long as the Series 1992 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from any or all of the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1992 Bonds. All obligations issued by the Issuer after the issuance of the Series 1992 Bonds and payable from any or all of the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1992 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, the Reserve Accounts, the Operation and Maintenance Fund and the Depreciation Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1992 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1992 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of any or all of the revenues of the System, shall be issued after the issuance of the Series 1992 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1992 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions and improvements to the System or refunding the Series 1992 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as any of the Prior Bonds are outstanding, not be less than 125%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

The term "Parity Bonds" as used in this section shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and Section 6.08 of the Prior Resolution, payable from the Net Revenues of the System on a parity with the Bonds, and all covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and Section 6.08 of the Prior Resolution. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Resolution, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Resolution.

No Parity Bonds shall be valid unless authenticated pursuant to Section 3.04. Prior to such authentication, registration and delivery, the Bond Registrar shall receive those documents prescribed by Section 3.09 with respect to the Series 1992 Bonds, modified as deemed necessary by the Bond Registrar to reflect the issuance of such Parity Bonds.

The Issuer may issue additional Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation and/or the Indenture or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent



allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee, the DEP and the Authority, or any other original purchaser of the Series 1992 Bonds, and shall mail in each year to any Holder or Holders of the Series 1992 Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds, the Prior Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of the Prior Bonds, the Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1992 Bonds or Notes, as the case may be, and shall submit said report to the Trustee, the DEP and the Authority, or any other original purchaser of the Series 1992 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority or the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder and under the Prior Resolution. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 125% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event that the Prior Bonds are no longer Outstanding and an amount equal to or in excess of the Series 1992 Bonds Reserve Requirement is on deposit in the Series 1992 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1992 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1992 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1992 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee, the DEP and the Authority and to any Holder of any Bonds or Notes, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee, the DEP and the Authority and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," the form of which is attached to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring

that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," the form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Board shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and

charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, then the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1992 Bonds or any of the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will

also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein or in the Prior Resolution. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of

the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that, the amounts and terms of such coverage are satisfactory to the Authority and the DEP. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law

and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1992 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1992 Bonds during the term thereof is, under the terms of the Series 1992 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1992 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1992 Bonds during the term thereof is, under the terms of the Series 1992 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1992 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1992 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.



B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1992 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1992 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1992 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1992 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1992 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1992 Bonds and such statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Series 1992 Bonds Rebate Fund. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the

exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1992 Bonds which would cause the Series 1992 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1992 Bonds) so that the interest on the Series 1992 Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1992 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1992 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Series 1992 Bonds Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Series 1992 Bonds Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Series 1992 Bonds Rebate Fund shall be held free and clear of any lien or pledge hereunder or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Series 1992 Bonds Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Series 1992 Bonds Rebate Fund following all such payments required by the preceding sentence, the Depository Bank

shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Series 1992 Bonds Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1992 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

B. Each of the following events shall constitute an "Event of Default" with respect to the Series 1992 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1992 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1992 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1992 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs pursuant to the events set forth in the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1992 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note or a Bond Anticipation Note evidencing a line of credit may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or Bond Anticipation Notes or Bond Anticipation Note evidencing such line of credit any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take

possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Prior Bonds and the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Series 1992 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

Series 1992 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1992 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned



from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture and/or the Supplemental Resolution pertaining to such Notes, then with respect to such Notes, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Notes or the Series 1992 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or the Series 1992 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1992 Bonds and the Notes, if any, from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1992 Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, the Indenture, if any, the Series 1992 Bonds or the Notes, if any.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Pea Ridge Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Series 1992 Bonds and the Notes to be issued;

(b) The respective maximum interest rates and terms of the Series 1992 Bonds and the Notes originally authorized hereby;

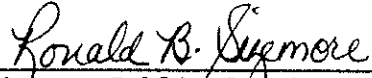
(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a Certificate of Public Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 21st day of December, 1992.

  
\_\_\_\_\_  
Chairman, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

\_\_\_\_\_  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PEA RIDGE PUBLIC SERVICE DISTRICT on the 21st day of December, 1992.

Dated: December 28, 1992

[SEAL]

  
Secretary, Public Service Board

12/16/92  
PEAC.A2  
69258/92001



PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), OF PEA RIDGE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Pea Ridge Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective December 21, 1992 (the "Bond and Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF PEA RIDGE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND AUTHORIZING OR RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH  
BONDS AND NOTES AND ADOPTING OTHER PROVISIONS  
RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1992 Bonds"), in an aggregate principal amount not to exceed \$1,250,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated November 17, 1992 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PEA RIDGE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond and Notes Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds,



Series 1992 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$1,250,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2013 and shall bear interest at the rate of 3% per annum. Both principal and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1994. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal and interest and in the amounts as set forth in "Schedule Y," attached thereto and to the Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond and Notes Resolution.

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the Application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint The First State Bank, Barboursville, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1992 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1992 Bonds Sinking Fund as capitalized interest.

Section 8. Series 1992 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1992 Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about December 28, 1992.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond and Notes Resolution held by the Depository Bank in repurchase agreements with maturities not exceeding thirty days, or, if unavailable, such moneys not invested in repurchase agreements shall be invested in time accounts secured by a pledge of Government Obligations with the Depository Bank, and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 1992 Bonds Sinking Fund shall be invested by the Municipal Bond Commission in the West Virginia restricted consolidated fund.

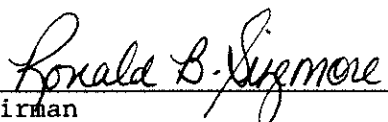
Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the

meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of December, 1992.

PEA RIDGE PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of PEA RIDGE PUBLIC SERVICE DISTRICT on the 21st day of December, 1992.

Dated: December 28, 1992.

[SEAL]

  
Secretary, Public Service Board

12/16/92  
PEAC.D2  
69258/92001



LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

PEA RIDGE PUBLIC SERVICE DISTRICT  
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the construction, acquisition and improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority and DEP to the Local Government through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Local Government required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.12 Additional terms and phrases are defined in this Loan Agreement as they are used.

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Local Government shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the



### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Government shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date set forth in Exhibit E hereto.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

Provided that if the Local Government has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds is funded (whether by Local Bond proceeds, monthly deposits or otherwise) the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Local Government will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by

prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

#### ARTICLE V

Certain Covenants of the Local Government;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Local Government to the Authority

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.7 The Local Government hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

7.1 Schedule Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

Attest:

Date: NOVEMBER 16, 1992

Ronald B. Sizmore  
Its Secretary

WEST VIRGINIA DIVISION OF  
ENVIRONMENTAL PROTECTION

By: [Signature]  
Its:

Date: Nov 92

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By: [Signature]  
Its: Director

Attest:

Date: November 17, 1992

Barbara B. Meadows  
Secretary-Treasurer

APPROVED AS TO FORM PRIOR TO  
ACKNOWLEDGEMENT THEREOF, THIS  
25<sup>th</sup> day of August, 1992.

Attorney General  
BY: [Signature]  
DEPUTY ATTORNEY GENERAL

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

c



EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - \_\_\_\_

Report Month: \_\_\_\_\_

	<u>CURRENT</u> <u>MONTH</u>	<u>YEAR TO</u> <u>DATE</u>	<u>BUDGET YEAR</u> <u>TO DATE</u>	<u>DIFFERENCE</u>
1. <u>ITEM</u> Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

[Name of Local Government]

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

I, \_\_\_\_\_, Registered Professional Engineer, West Virginia License No. \_\_\_\_\_, of \_\_\_\_\_, Consulting Engineers, \_\_\_\_\_, hereby certify that my firm is engineer for the acquisition and construction of \_\_\_\_\_ to the \_\_\_\_\_ system (herein called the "Project") of \_\_\_\_\_ (the "Issuer") to be constructed primarily in \_\_\_\_\_ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the \_\_\_\_\_ passed by the \_\_\_\_\_ of the Issuer on \_\_\_\_\_, 19\_\_\_\_, effective \_\_\_\_\_, 19\_\_\_\_, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated \_\_\_\_\_, 19\_\_\_\_.

1. The Bonds are being issued for the purpose of \_\_\_\_\_  
\_\_\_\_\_  
(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the \_\_\_\_\_ of the Issuer are sufficient to comply with the provisions

of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
By \_\_\_\_\_

West Virginia License No. \_\_\_\_\_

[SEAL]

EXHIBIT E

[Special Conditions]

NONE

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development  
Authority  
1201 Dunbar Avenue  
Dunbar, WV 25064

Re: [Name of bond issue]

Dear Sirs:

The following deposits were made to the West Virginia  
Municipal Bond Commission on behalf of [Local Government] on  
\_\_\_\_\_, \_\_\_\_.

Sinking Fund:

Interest \$\_\_\_\_\_

Principal \$\_\_\_\_\_

Total: \$\_\_\_\_\_

Reserve Fund: \$\_\_\_\_\_

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Local Government]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to \_\_\_\_\_  
(the "Local Government"), a \_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated \_\_\_\_\_, 19\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated \_\_\_\_\_, 19\_\_\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$\_\_\_\_\_, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1, and \_\_\_\_\_ 1 of each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_, at the respective rate or rates and with principal payable in installments on \_\_\_\_\_ 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of \_\_\_\_\_  
\_\_\_\_\_ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of \_\_\_\_\_  
\_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly enacted by the Local Government on \_\_\_\_\_ (the "Local

Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Local Government without the consent of the Authority.

3. The Local Government is a duly organized and presently existing \_\_\_\_\_, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Government has legally and effectively enacted the Local Act and all other necessary \_\_\_\_\_ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Local Government, payable from the net revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Local Bonds are, by statute, exempt \_\_\_\_\_, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.



We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

## SCHEDULE X

### DESCRIPTION OF BONDS

Principal Amount of Bonds	\$ 1,250,000
Purchase Price of Bonds	\$ 1,250,000

Interest on the Bonds shall be zero percent from the date of delivery to and including November 30, 1993. Principal and interest on the Bonds is payable quarterly, commencing March 1, 1994, at a rate of 3 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has ~~no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds~~ or [provide list of outstanding debt]. \*

The Local Government shall submit its payments monthly to the West Virginia Municipal Bond Commission with instructions that the West Virginia Municipal Bond Commission will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the Bond Commission in writing by the Authority. If the Reserve Fund is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Bond Commission. The Local Government shall instruct the Bond Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and interest and such Bonds shall grant the Authority a [first] lien on the net revenues of the Local Government's system.

The Local Government may prepay the Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

\*Sewer Refunding Bonds, Series 1990, issued in the principal amount of \$2,700,000.

# SCHEDULE Y

PEA RIDGE PUBLIC SERVICE DISTRICT SRF LOAN PROGRAM P & I Quarterly Payments DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1993	-	-	-	-
3/01/1994	10,000.00	3.00000%	9,375.00	19,375.00
6/01/1994	10,000.00	3.00000%	9,300.00	19,300.00
9/01/1994	10,000.00	3.00000%	9,225.00	19,225.00
12/01/1994	10,000.00	3.00000%	9,150.00	19,150.00
3/01/1995	10,000.00	3.00000%	9,075.00	19,075.00
6/01/1995	10,000.00	3.00000%	9,000.00	19,000.00
9/01/1995	10,000.00	3.00000%	8,925.00	18,925.00
12/01/1995	10,000.00	3.00000%	8,850.00	18,850.00
3/01/1996	10,000.00	3.00000%	8,775.00	18,775.00
6/01/1996	10,000.00	3.00000%	8,700.00	18,700.00
9/01/1996	10,000.00	3.00000%	8,625.00	18,625.00
12/01/1996	10,000.00	3.00000%	8,550.00	18,550.00
3/01/1997	15,000.00	3.00000%	8,475.00	23,475.00
6/01/1997	15,000.00	3.00000%	8,362.50	23,362.50
9/01/1997	15,000.00	3.00000%	8,250.00	23,250.00
12/01/1997	15,000.00	3.00000%	8,137.50	23,137.50
3/01/1998	15,000.00	3.00000%	8,025.00	23,025.00
6/01/1998	15,000.00	3.00000%	7,912.50	22,912.50
9/01/1998	15,000.00	3.00000%	7,800.00	22,800.00
12/01/1998	15,000.00	3.00000%	7,687.50	22,687.50
3/01/1999	15,000.00	3.00000%	7,575.00	22,575.00
6/01/1999	15,000.00	3.00000%	7,462.50	22,462.50
9/01/1999	15,000.00	3.00000%	7,350.00	22,350.00
12/01/1999	15,000.00	3.00000%	7,237.50	22,237.50
3/01/2000	15,000.00	3.00000%	7,125.00	22,125.00
6/01/2000	15,000.00	3.00000%	7,012.50	22,012.50
9/01/2000	15,000.00	3.00000%	6,900.00	21,900.00
12/01/2000	15,000.00	3.00000%	6,787.50	21,787.50
3/01/2001	15,000.00	3.00000%	6,675.00	21,675.00
6/01/2001	15,000.00	3.00000%	6,562.50	21,562.50
9/01/2001	15,000.00	3.00000%	6,450.00	21,450.00
12/01/2001	15,000.00	3.00000%	6,337.50	21,337.50
3/01/2002	15,000.00	3.00000%	6,225.00	21,225.00
6/01/2002	15,000.00	3.00000%	6,112.50	21,112.50
9/01/2002	15,000.00	3.00000%	6,000.00	21,000.00
12/01/2002	15,000.00	3.00000%	5,887.50	20,887.50
3/01/2003	15,000.00	3.00000%	5,775.00	20,775.00
6/01/2003	15,000.00	3.00000%	5,662.50	20,662.50
9/01/2003	15,000.00	3.00000%	5,550.00	20,550.00
12/01/2003	15,000.00	3.00000%	5,437.50	20,437.50
3/01/2004	15,000.00	3.00000%	5,325.00	20,325.00
6/01/2004	15,000.00	3.00000%	5,212.50	20,212.50
9/01/2004	15,000.00	3.00000%	5,100.00	20,100.00
12/01/2004	15,000.00	3.00000%	4,987.50	19,987.50
3/01/2005	15,000.00	3.00000%	4,875.00	19,875.00
6/01/2005	15,000.00	3.00000%	4,762.50	19,762.50
9/01/2005	15,000.00	3.00000%	4,650.00	19,650.00
12/01/2005	15,000.00	3.00000%	4,537.50	19,537.50
3/01/2006	15,000.00	3.00000%	4,425.00	19,425.00
6/01/2006	15,000.00	3.00000%	4,312.50	19,312.50

PEA RIDGE PUBLIC SERVICE DISTRICT SRF LOAN PROGRAM P & I Quarterly Payments DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2006	15,000.00	3.00000%	4,200.00	19,200.00
12/01/2006	15,000.00	3.00000%	4,087.50	19,087.50
3/01/2007	15,000.00	3.00000%	3,975.00	18,975.00
6/01/2007	15,000.00	3.00000%	3,862.50	18,862.50
9/01/2007	15,000.00	3.00000%	3,750.00	18,750.00
12/01/2007	15,000.00	3.00000%	3,637.50	18,637.50
3/01/2008	15,000.00	3.00000%	3,525.00	18,525.00
6/01/2008	15,000.00	3.00000%	3,412.50	18,412.50
9/01/2008	20,000.00	3.00000%	3,300.00	23,300.00
12/01/2008	20,000.00	3.00000%	3,150.00	23,150.00
3/01/2009	20,000.00	3.00000%	3,000.00	23,000.00
6/01/2009	20,000.00	3.00000%	2,850.00	22,850.00
9/01/2009	20,000.00	3.00000%	2,700.00	22,700.00
12/01/2009	20,000.00	3.00000%	2,550.00	22,550.00
3/01/2010	20,000.00	3.00000%	2,400.00	22,400.00
6/01/2010	20,000.00	3.00000%	2,250.00	22,250.00
9/01/2010	20,000.00	3.00000%	2,100.00	22,100.00
12/01/2010	20,000.00	3.00000%	1,950.00	21,950.00
3/01/2011	20,000.00	3.00000%	1,800.00	21,800.00
6/01/2011	20,000.00	3.00000%	1,650.00	21,650.00
9/01/2011	20,000.00	3.00000%	1,500.00	21,500.00
12/01/2011	20,000.00	3.00000%	1,350.00	21,350.00
3/01/2012	20,000.00	3.00000%	1,200.00	21,200.00
6/01/2012	20,000.00	3.00000%	1,050.00	21,050.00
9/01/2012	20,000.00	3.00000%	900.00	20,900.00
12/01/2012	20,000.00	3.00000%	750.00	20,750.00
3/01/2013	20,000.00	3.00000%	600.00	20,600.00
6/01/2013	20,000.00	3.00000%	450.00	20,450.00
9/01/2013	20,000.00	3.00000%	300.00	20,300.00
12/01/2013	20,000.00	3.00000%	150.00	20,150.00
TOTAL	1,250,000.00	-	418,912.50	1,668,912.50

#### YIELD STATISTICS

Accrued Interest from 12/01/1993 to 12/01/1993...	-
Average Life.....	11.171 YEARS
Bond Years.....	13,963.75
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112500%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112500%

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: June 25, 1992

CASE NO. 91-631-PSD-CN

PEA RIDGE PUBLIC SERVICE DISTRICT,  
a public utility, Barboursville,  
Cabell County.

Application for a certificate of convenience  
and necessity to improve the existing facilities  
at the "A" Plant facility, the "B" Plant  
facility, selected lift stations, and purchase  
of equipment and for approval of change in rates  
and charges.

CASE NO. 92-0166-PSD-T

PEA RIDGE PUBLIC SERVICE DISTRICT  
Tariff filing to convert to monthly  
billings on its and former Ohio River  
Public Service District customers.

RECOMMENDED DECISION

PROCEDURE

CASE NO. 91-631-PSD-CN

On November 27, 1991, Pea Ridge Public Service District (District), a public sewer utility operating in and around Barboursville, Cabell County, filed a corrected application for a certificate of convenience and necessity to improve the existing facilities at the utility's "A" Plant, "B" Plant, and certain lift stations; to purchase additional equipment; and for the construction of an administration, maintenance and storage building at the "A" Plant location. The District estimates that the proposed improvements will cost approximately \$1,400,000, which will be financed with a loan from the West Virginia Department of Natural Resources State Revolving Loan Fund. This loan was originally expected to bear interest of no more than twelve percent per annum and be paid back over a twenty-year period.

Pursuant to West Virginia Code §16-13A-25, this matter had been prefiled with the Public Service Commission on August 28, 1991, and properly published for public legal notice in its corrected form on September 10 and 17, 1991, in The Herald-Dispatch, a daily newspaper, duly qualified by the Secretary of State, published and of general circulation

in Cabell County. An Affidavit of Publication so attesting was filed by the District on September 24, 1991.

As a result of the public notice a substantial number of letters of protest and objections to the increased rates associated with the new project were received by the Public Service Commission. Additionally, on December 12, 1991, the Citizens for Fair Public Service, in the person of their representative Ralph Swanson, 125 Martin Drive, Barboursville, West Virginia, requested that they be granted status as a formal intervenor in this matter.

By Commission Referral Order entered December 18, 1991, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of June 25, 1992.

On March 25, 1992, Commission Staff informed the Administrative Law Judge (ALJ) that this matter was sufficiently developed to allow the scheduling of a hearing. Consequently, by Procedural Order entered March 27, 1992, this matter was set for public hearing to be held April 27, 1992, at 1:30 p.m., and again at 6:30 p.m. on the same date in Barboursville, West Virginia. By this same order the District was required to publish proper legal notice of the hearing, and the request of the Citizens of Fair Public Service to be granted intervenor status was granted, as well.

CASE NO. 92-0166-PSD-T

On February 17, 1992, Pea Ridge Public Service District, in the person of Connie G. Pennington, its Office Manager, filed a letter petition requesting approval of the Public Service Commission to convert fully from quarterly to monthly billing cycles.

By Commission Referral Order entered March 13, 1992, this matter was referred to the Division of Administrative Law Judges with a decision due date of September 14, 1992.

On March 17, 1992, Public Service Commission Staff Attorney Susan J. Riggs filed the Final Joint Staff Memorandum in this matter which referenced and incorporated the Final Internal Memorandum of Utility Financial Analyst Robert M. Hubbard. Staff pointed out that the District had included the billing conversion request and the financial data associated therewith in its pending certificate application, Case No. 91-631-PSD-CN, and recommended dismissal of this separate case on essentially the same question. As of the date of this Recommended Decision, the District has not objected to this Staff recommendation.

Accordingly, Case No. 92-0166-PSD-T will be dismissed, and the District's request for conversion to monthly billing will be considered in the certificate case.

## EVIDENCE

The hearing was convened as scheduled with all parties and a large contingent of customers in attendance. The District was represented by Attorney Ronald J. Flora. The Staff of the Public Service Commission was represented by Staff Attorney Susan J. Riggs. Several members of the intervenor group, Citizens for Fair Public Service, were present and Mr. Ralph Swanson participated in the presentation of evidence as the nominee of the intervenor. Fifteen (15) witnesses testified, ten exhibits were received into evidence, and a transcript of the proceedings was filed on May 14, 1992. No formal briefs were requested or filed in this matter. However, on May 8, 1992, Staff filed a requested post-hearing exhibit concerning its review and recommendation on certain amended information produced late in the initial review process by the District and certain requested rate designs. Also, on May 28, 1992, the District filed an actual cash flow budget for the District for the fiscal year ending June 30, 1992, as requested at hearing. The District had also produced an affidavit of publication attesting to the proper publication of the Notice of Hearing in The Herald-Dispatch, in compliance with the Procedural Order of March 27, 1992.

Initially, at hearing, statements of public protest were received from Delegate James H. Morgan and Ms. Ann Morris, who pointed out the impact of rate increases on the public and noted that Pea Ridge residents had other utility rate increases to deal with as well. Ms. Morris presented petitions in opposition to the rate increase, purportedly signed by over one thousand (1,000) Pea Ridge residents, which were admitted to record as Intervenor Exhibit No. 1. Ralph Swanson proposed that a "flat rate" be adopted in this proceeding for this utility. That is, all customers be charged the same rate on each thousand gallons produced regardless of overall volume. Additionally, he does not think the construction and improvements proposed in this certificate application are required or necessary. (Tr., pp. 11-12).

Customer Donald Wheeler inquired as to the status of the initial loan for the District originally taken out in 1964. Mr. Flora explained that during subsequent construction project, provisions were made to fund and segregate the total repayment required for that initial bond. (Tr., pp. 14-15).

Mr. William Fry complained that the current system discharged sewerage onto his land and had been ordered to be corrected but had not been. (Tr., pp. 19-20). He further complained about utility rate increases in general.

The District's first witness was William W. Hughes, who has been Chairman of the District's Board since August of 1989. The necessity of this current proposed project results from its deletion in a former mandated, approved and completed project, and is now referred to as Phase II of the District's rehabilitation plans, and has the full support of the Board. (Tr., pp. 24-26).

Dayton Carpenter, a Professional Engineer associated with the District since 1973, testified next for the District. He related that the

proposed project was included in the District's original 201-Facilities Plan filed with and approved by the Department of Natural Resources. He also explained the parameters and problems with the current system and why the proposed project is required. Initially, the overall improvements were required by court order but some were deleted when the bids on the initial project came in one million dollars over budget. The system had significant capacity and integrity problems. In his opinion, the District also needs a permanent maintenance and administrative building. He also endorses monthly billing. It is essential that the pump stations be rehabilitated and capacity increased. He also endorses the "flat rate" concept as opposed to a declining block rate structure, and compared the allocated cost of this project under both rate designs. Because Pea Ridge receives no industrial waste or other waste requiring special treatment, it costs the same to treat each unit of sewerage regardless of the overall volume produced by an individual customer. The District also needs an additional operator to run the new sludge press system, and an additional clerk for office work and billing. (Tr., pp. 28-51).

On cross-examination, Mr. Carpenter elaborated on the District's labor requirements and sludge disposal costs. The new sludge disposal system is operational but cannot be fully utilized without appropriate manpower. He further explained the necessity of, and skills required for the additional operator. (Tr., pp. 52-64). The requirements of the proposed building were elaborated as well. Mr. Carpenter was also questioned concerning his professional experience with wastewater systems and the specifics of the Pea Ridge plant.

Next to testify for the District was Timothy Cart, the assigned project engineer for this proposed project. He was also project engineer for the Phase I construction. Mr. Cart sponsored an alternative rate design exhibit and a letter indicating that the District's project was eligible for a loan from the State Revolving Fund at a rate of three percent (3%) interest and a term of 20 years. He also believes that the utility's B plant is periodically over capacity because of reductions and deletions in the last construction project and that without improvements to certain lift stations, raw sewage will continue to overflow the system, bypassing treatment. This will result in further regulatory action and perhaps fines. Mr. Cart had also investigated alternative funding sources but was unsuccessful. He also explained the most recent adjustments to the District's Rule 42 exhibit from an operational and engineering standpoint. (Tr., pp. 75-91).

Under cross-examination, Mr. Cart elaborated on the system's power consumption, how the proposed project would deal with some of the system's inflow and infiltration problems, and useful-life estimates on certain equipment. Growth potential for the region was discussed as well, which was considered as part of the original 201-Facilities Plan analysis. (Tr., pp. 92-103).

Mike Johnson, an official of the Department of Natural Resources, Water Resources Section, testified next for the District. He is in charge of administration of the EPA Construction Grant Program in the new State Revolving Development Fund. Mr. Johnson testified that this project is



eligible for participation in the fund if debt coverage in the amount of at least 125 percent is provided. (Tr., pp. 109-111).

Mr. Mike Warwick of the DNR also testified. He is an engineer who is familiar with the approved 201-Facilities Plan for the utility and verifies that the current proposed project was contemplated by that plan and that the project is needed. He states that construction of the proposed project will bring the District into compliance with current regulations, will relieve the concerns of insufficient treatment capacity, and is the best solution for the District. (Tr., pp. 111-118).

Next to testify for the District was their accountant Ronald Wooddell, a licensed CPA since 1976, who prepared the District's Rule 42 exhibit. Mr. Wooddell testified that the exhibit had been prepared in conformance with Public Service Commission guidelines and he synopsized the accounting schedules contained in the exhibit and the various adjustments made to each. Mr. Wooddell confirmed that a debt coverage of at least 125 percent was required in order for the District to borrow from the State Revolving Fund under the parity requirement of the most recent private bond funding for the Fund. (Tr., pp. 119-134).

The District's Office Manager, Ms. Connie Pennington was called next by the District. She has been employed by the District for seven years. She strongly supports the approval of a new maintenance and administration building in this proposed project. The current office is located in a converted house trailer that is old and inadequate with no storage or meeting space. She further supports the hiring of an additional billing clerk. The District has a recent delinquency rate of about two percent (2%) but monthly billing would help reduce that. (Tr., pp. 134-148).

Tim Allen, the Field Supervisor for the District, was called as the District's last witness. He explained the inspection and maintenance problems of the system and the efforts made to keep the system running properly. The system has 16 pump stations which must be monitored, serviced and kept running. He also discussed the sludge press and its operational and maintenance requirements. Also, since the service moratorium was lifted, the requests for new taps had been increasing. (Tr., pp. 148-157).

After the District finished its case in chief, a recess for dinner was called and the hearing then reconvened at 6:30 p.m., in the same location.

The Staff's case in chief was initiated with the testimony of Utility Engineer David A. Hippchen, who testified concerning the information contained in the District's original filing. Mr. Hippchen referenced his recommendation in this case with the Staff recommendation in Case No. 88-679-S-CN, wherein this project was originally approved and then deleted. He affirmed that the improvements proposed in this project were deleted and deferred from the previous certificate and are still necessary and should be undertaken. However, due to the possible impact of recommendations which might be forthcoming in the Cabell County Plan concerning consolidation of various districts, he believes that the office portion of the proposed new building should be deleted from the project. Staff

further recommends that the capitalized interest expense be deleted from the project budget figures, as well. As a result, the total project cost, as proposed by Staff is \$1,250,000 as opposed to the District's proposal of \$1,400,000. (Tr., pp. 165-168).

Under cross-examination, Mr. Hippchen confirmed that, if the capitalized interest item is deleted, then the new increased rates required by the project must be collected from the onset of construction. He also confirmed that his recommendation concerning deletion of the new office construction hinges solely on the possible impact of consolidation and relocation and not on the admitted need for an improved office. (Tr. pp. 169-171).

Next to testify for the Staff was Utility Financial Analyst William Nelson. Mr. Nelson confirmed the two deletions proposed by Staff and stated that, as a result, the proposed rate increase was reduced by approximately 7.8 percent. Staff also proposed a typical declining block rate structure for this utility, and explained that the District currently had a split tariff due to the recent acquisition of a certain group of customers from another former sewer utility. He further explained the theory and practice of required minimum bills. Staff has no objection to a "flat" rate once a Cost of Service Study is performed. When first considered by Staff in this case, the "flat" rate structure resulted in a 75% increase in the bill of the highest volume user, a commercial account. Staff believes that the "flat" rate structure would be more appropriately considered under a separate filing after the District has operated with the improvements proposed under Phase II for six months or so. Staff recommends approval of conversion to monthly billing and the inclusion of the associated costs in this case. (Tr., pp. 171-179).

Staff Engineer Hippchen was recalled as a witness in the Staff's case to synopsize the four elements added to the District's Rule 42 exhibit late in the review process. These items include additional power costs at both treatment plants currently and incrementally after the proposed construction, an additional operating employee, and a line item for tipping fees at a landfill associated with sludge disposal. These items are not capital expenses but will add to the operating expenses and will be reflected in rates. However, the actual proposed rates are still lower than the published rates on this project. (Tr., pp. 190-193). At the conclusion of Mr. Hippchen's testimony, Staff rested its case.

The intervenor called Ann Morris as its only witness. Ms. Morris is a Pea Ridge customer and attends most of the District's meetings and had raised the issue of high rental on the District's trucks. She also had requested certain information from the District, but never received a budget from the District. She favors the "flat" rate structure and elimination of the required minimum bill. (Tr., pp. 194-200).

At the conclusion of the intervenor's case, the attorneys for the parties summed up the evidence, stated their positions and additional public statements were heard.

Mr. David Clark, Chairman of the Merriitts Creek Public Service District questioned the wisdom of rebuilding the Pea Ridge plants when the

Huntington Municipal sewer plant was operating at about half capacity. He also believed that sufficient office space was available for rent in the Barboursville area without building a new office. Lastly, he discussed subcontracting the District's billing to the water company. (Tr., pp. 205-207).

Mr. Gene Stewert observed that the recent census reduced Barboursville's population by about 3.2 percent, and chastised the District Board for not making its financial records available. (Tr., pp. 207-208).

Jim Fankhanel discussed the history of the District and its system and spoke in favor of a "flat" rate structure. He also favored imposition of \$1,000 tap fees, part of which would go to fund capital improvements. (Tr., pp. 209-214).

Delegate John Huntwork discussed legislative proposals to change the status of rate cases before the Public Service Commission and other improvements in the administration of public service districts. (Tr., pp. 214-217).

Delegate Rick Houvouras spoke in favor of investigating the possibility of connecting the Pea Ridge system to Huntington's treatment plant, and pointed out the operational and financial advantages of such a connection. (Tr., p. 222).

Additional comments were heard on the failure of the District to issue a budget and on the inflow and infiltration problem. The District's engineer discussed alternative treatment sites and the I&I problem of the system. He also explained how the pump stations would be improved. This concluded the testimony at hearing.

As previously stated, the Staff submitted its final analysis on this project, including the late amendments of the District, on May 8, 1992. Staff Engineer Hippchen concurred in the District's amendments and recommended approval of an operating expense level of \$439,669, to be included in Staff's revenue requirement calculation. He further suggested that the Public Service Commission audit the District after these improvements and adjustments had been in effect for a reasonable amount of time.

Staff Financial Analyst Nelson also recalculated his analysis based on the Staff decision to include the District's amendments and made further adjustments deemed appropriate, as well. These adjustments, as well as the new total adjusted annual O&M expense of \$439,669, were then included in a new Staff-recommended cash flow analysis attached to his memorandum as Post-hearing Exhibit III.

Staff's adjusted revenue requirement results in an increase in Staff-recommended rates of 3.9%, still considerably less than the original proposed rates. Mr. Nelson then designed rates structures for various rate block scenarios and included them in his memorandum. If a "flat" rate is selected, he recommends that it still contain a minimum charge reflecting recovery of the fixed costs of the District.

## DISCUSSION

There is little room in this case for any argument that the improvements sought to be constructed by the District in this filing are not necessary and required. They were initially approved as part of the last improvement project but had to be deleted because of inadequate cost estimates in the original case. The testimony of the District's engineers is compelling and convincing and is corroborated by both the personnel from the Department of Natural Resources and the Public Service Commission Staff Engineer. Although the intervenors attempted to make the case that much of this work was unnecessary, the testimony of the public protestants painfully paints a picture of an often inefficient system suffering from defects in design and the ravages of age and earlier neglect. Lastly, the alternative of connection to the Huntington system has been analyzed in the original 201-Facilities Plan and was rejected. Therefore, this system, having been built, must be maintained in an environmentally sound and operationally efficient manner. Upon the recommendation of Staff and the testimony of the DNR officials and the District's engineers, the ALJ finds that this project is both convenient and necessary and will be approved.

The project, as approved, shall include all of the system and treatment capacity improvements as proposed in the application and as supported by the evidence produce herein, including the construction of the new maintenance and administrative office structure as originally proposed in the application. As suggested by the District's engineer, the project will be authorized for funding at Staff's recommended figure of \$1,250,000, and the District is authorized to build the office portion of the maintenance building if sufficient funds are available after the required system improvements are properly funded. While Staff's recommendation concerning the building is well taken and shows their obvious grasp of the long-term planning for public utility services in Cabell County, the District has made its case that the present office trailer is an impediment to reasonable operational efficiency and needs immediate redress. Even Staff noted that the conditions in the office were not conducive to proper operations. If the public service districts in Cabell County are eventually consolidated, this office and storage space can still be put to good use by the surviving organization and its operational employees. The work that a sewer utility's employees perform is hard and often unpleasant and they at least deserve a modern, clean and adequate facility from which to work.

In order to further justify the reduced funding at Staff's recommended level, Staff's suggestion to eliminate capitalized interest will be adopted. Accordingly, Staff's recommendation that the new rates go into effect when the project is started is approved. The facilities to be improved are currently in service and useful and it makes little sense to run up the accumulated expense of debt service while merely waiting for the project to be completed. The savings realized by this method of finance are substantial and Staff is to be congratulated on this innovative approach.

Lastly, the question of rate design remains. Everyone involved in this case agrees that a "flat" rate design makes sense for this particular

utility. There are no industrial customers or other waste requiring special treatment delivered to this system and the vast majority of customers are average residential. Additionally, the fixed costs of the system appear reasonable and incremental treatment expense is consistent. The only reservation voiced at hearing was that a Class Cost of Service Study has not been performed to corroborate what the effect of a flat structure might be. While declining block rates have become the "norm", such was not always the case and this alone cannot overcome the logic of the intervenors' position in favor of a "flat" rate. Again, Staff has taken a reasonable and cautious approach to the issue by reserving their outright support for a flat rate until a class cost of service study can be done. Under closer examination, however, they do not make concrete statements against such a rate. There is much in this filing to support the imposition of a "flat" rate structure.

However, one serious problem arises in this regard. The published notice of filing and notice of hearing each contain increased rates in the form of the District's historical declining block rate. Consequently, the high volume users have not been given any notice that a restructured rate design was under consideration in this case. The dismantling of the District's existing declining block rate structure and the corresponding adoption of a "flat" rate would clearly have a disproportionate impact on the District's high volume users. The District's high volume customers have every reason to assume that the declining block structure will continue in its present form as increased by the revenue requirements of this case. Therefore, due process dictates that a declining block rate structure be continued for this utility, pending sufficient notice to the high volume users of the District's preference for a "flat" rate. This is not a decision based on a substantive rejection of the "flat" rate design as applied to this case, but merely a requirement of procedural due process and proper notice before a flat rate design can be properly substituted for the District's existing rate design. Specific leave is hereby granted for the District to file a petition seeking conversion to the "flat" rate structure upon proper notice and a supporting Class Cost of Service Study. The proposed elimination of the minimum bill provisions in the District's existing rate structure may also be addressed as a part of that petition.

Accordingly, the Staff-recommended rates, shown on Post-hearing Exhibit I, which are designed to proportionately increase the District's existing rates to a level which is designed to produce the revenues needed to support the District's project, shall be authorized for collection upon initiation of the District's proposed construction project as approved in this decision. The tap fee shall remain at \$250 per requested connection.

The District is also authorized to initiate monthly billing cycles for all customers at the same time the new rate goes into effect, in consideration of Staff's recommendation in that regard. The District should exercise caution to make sure that all customers understand the new billing procedures prior to implementation. The inherent surprise of these new rates should be lessened by the simultaneous shift to monthly billing, however, the District should have a specific and formal plan for dealing with the inevitable complaints and inquiries.

### FINDINGS OF FACT

1. On November 27, 1991, Pea Ridge Public Service District filed a corrected application for a certificate of convenience and necessity to construct, improve and operate the existing facilities at the utility's "A" Plant, "B" Plant, and certain lift stations; to purchase additional equipment; and for the construction of an administration, maintenance and storage building at the "A" Plant location. (See Application filed November 27, 1991).
2. This matter had been properly prefiled with the Commission on August 28, 1991, and properly published for public legal notice in its corrected form on September 10 and 17, 1991, in The Herald-Dispatch, a daily newspaper, duly qualified by the Secretary of State, as published and of general circulation in Cabell County. (See Prefiled Application filed August 28, 1991 and Affidavit of Publication filed September 24, 1991).
3. Pursuant to substantial public protest and objection to the rate increase associated with this project, a public hearing was held herein on April 27, 1992, after proper publication of public legal notice of said hearing in the aforementioned Herald-Dispatch. (See Affidavit of Publication filed at Hearing, April 27, 1992).
4. The system improvements included in this application were originally submitted and approved for construction in a previous certificate application, but were deleted when bids on the project exceeded funding. (See, Case No. 88-679-S-CN, and Tr., pp. 25, 29-35, 165-168).
5. The system improvements included in this application were originally mandated by court order and are contained in the 201-Facilities Plan currently approved by the Department of Natural Resources for this utility. (See, Tr., pp. 111-118).
6. The District's system, as currently configured, is inefficient, environmentally unsound, inadequate, and in need of significant immediate rehabilitation. (See, Tr., pp. 19-20, 28-30, 148-152, 165-168).
7. The funding proposed for this project is reasonable, sufficient and advantageous to the District. (See, Tr., pp. 85-91, 109-111, 117-118, 171-179).
8. The District's current office trailer is inadequate, overcrowded, and an impediment to efficient operations and employee morale. (See, Tr., pp. 30-41, 134-148, 148-157, 169-171).
9. The deletion of capitalized interest from the proposed funding procedure will result in substantial savings to the District and is recommended by Commission Staff. (See, Tr., pp. 165-168, 171-173).
10. The District has a history of poor communication with its customers and failure to comply with certain statutory administrative obligations. (See, Tr., pp. 194-200).

11. The "flat" rate structure is strongly supported by the District and its customers and is uniquely suited to the highly residential, non-industrial customer base of this utility. (See, Tr., pp. 11-12, 35-51, 196-200, 209-214).

12. Commission Staff will not endorse a "flat rate" structure until a Class Cost of Service Study is performed, but otherwise has no objection to its use. (Tr., pp. 174-179).

13. There has been no sufficient public notice which would reasonably inform the District's high volume users that the District was contemplating the elimination of the District's existing declining block rate structure in favor of a flat rate structure. There is also no cost of service study in the record which would establish that the proposed flat rate is a more reasonable and appropriate rate design than the District's previously approved declining block rate design. (See Notice of Filing, filed September 24, 1991; Tr., pp. 174-179).

14. The Commission Staff, after final review of this application including the late-filed amendments of the District, recommends approval of an operating expense level of \$439,669, to be used in the revenue requirement calculation, and further recommends a total approved loan for this project of \$1,250,000 under the terms proposed. (See Staff's Post-hearing Exhibit filed May 8, 1992).

15. Staff's adjusted revenue requirement results in an increase in its recommended rates of 3.9%, and a recommendation that a minimum charge reflecting recovery of the fixed costs of the District be retained regardless of the actual rate structure adopted. (See Staff's Post-hearing Exhibit filed May 8, 1992).

16. The request of the District to convert to monthly billing is reasonable and efficient and recommended by Commission Staff. (See Tr., pp. 178-179).

#### CONCLUSIONS OF LAW

1. The construction, improvements and operations contained in the District's application of November 27, 1991, are both convenient and necessary and will be approved, as amended, in accordance with this Recommended Decision and a certificate of convenience and necessity will be issued.

2. The funding proposed for this project shall be approved in the amount of \$1,250,000 to be used first to fund all proposed system and operational improvements and then to fund the construction of an administrative, maintenance and storage building.

3. Since there has not been adequate public notice of the District's proposed adoption of a flat rate structure over the District's existing rate structure, which utilizes declining block rates, and there is no class cost of service study in the record which would support the adoption of a flat rate structure over the District's existing rate

structure, it would be inappropriate to modify the District's rate structure in this case. Therefore, the rates and charges for the District's services shall be increased in accordance with the Staff-recommended rates with minimum charge contained in Staff's Post-hearing Exhibit I, consisting of across-the-board incremental increases to the existing declining block rates.

4. The District's request to convert to monthly billing for all customers is reasonable and efficient and shall be approved.

5. The request of the District contained in Case No. 92-0166-PSD-T is now moot and pursuant to Staff's recommendation, will be dismissed.

#### ORDER

IT IS, THEREFORE, ORDERED that the application of the Pea Ridge Public Service District for a certificate of convenience and necessity, filed November 27, 1991, be, and hereby is, approved, as modified herein, and said certificate shall be issued; the increased rates required by said certificate and as designed by the Staff of the Public Service Commission, in accordance with this Recommended Decision, and attached hereto as Appendix A, shall be collected for all service rendered on and after the date construction on the certificated improvements begins, as certified by the District's engineer.

IT IS FURTHER ORDERED that the letter/petition filed by Pea Ridge Public Service District in Case No. 92-0166-PSD-T be, and hereby is, dismissed and that both Case No. 91-631-PSD-CN and Case No. 92-0166-PSD-T be removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

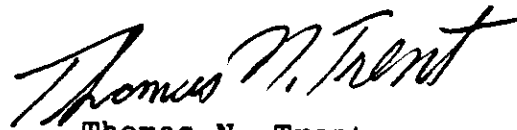
Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to



make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

A handwritten signature in cursive script, reading "Thomas N. Trent".

Thomas N. Trent  
Administrative Law Judge

TNT:mal



APPENDIX A

PEA RIDGE PUBLIC SERVICE DISTRICT  
CASE NO. 91-631-PSD-CN

RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for sanitary sewer service.

RATE (Based upon the metered amount of water used)

Monthly

First	300 cubic feet per month,	\$3.55 per 100 cubic feet
Next	400 cubic feet per month,	\$3.42 per 100 cubic feet
Next	3,300 cubic feet per month,	\$2.98 per 100 cubic feet
Next	16,000 cubic feet per month,	\$2.06 per 100 cubic feet

MINIMUM CHARGE

\$10.65 per month

DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the date of the billing, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and only to be collected once for each bill where it is appropriate.

TAP FEE

\$250.00

WATER DISCONNECT - RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill is reconnected, a fee of \$20.00 shall be charged.



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in  
the City of Charleston on the 5th day of August, 1992.

CASE NO. 91-631-PSD-CN

PEA RIDGE PUBLIC SERVICE DISTRICT,  
a public utility, Barboursville,  
Cabell County.

Application for a certificate of convenience  
and necessity to improve the existing facilities  
at the "A" Plant facility, the "B" Plant facility,  
selected lift stations, and purchase of equipment  
and for approval of change in rates and charges.

COMMISSION ORDER

The Pea Ridge Public Service District (District) filed a  
certificate of convenience and necessity on November 27, 1991. The  
Administrative Law Judge (ALJ) approved the application by Recommended  
Decision on June 25, 1992. Staff filed an exception to the ALJ's  
decision. Staff does not object to the ALJ's conclusion that the  
District's application should be approved. Staff merely objects to a  
portion of the ALJ's analysis in reaching its conclusion. Specifically,  
Staff objects to a certain portion of the ALJ's decision which discusses  
notice.

DISCUSSION

The ALJ ruled that the District should continue with its declining  
block rate structure. The ALJ found that the necessary class cost of  
service study had not been completed. The ALJ specifically granted  
leave for the District to apply to adopt a flat rate structure after a  
proper study had been completed. The lack of a class cost of service  
study was a sufficient ground for the ALJ's decision. The ALJ then went  
on to discuss whether sufficient notice had been given the District's  
high volume customers to satisfy their right to procedural due process.  
The ALJ's discussion and findings on notice were not needed to support  
its ruling that the District should continue its declining block rate  
structure. Judicial economy and restraint demand that issues not  
necessary for the resolution of a dispute not be addressed. The  
Commission, in this order, is not addressing the correctness of the  
ALJ's notice analysis, but merely striking it from the order as  
surplusage.

### FINDINGS OF FACT

1. The Pea Ridge Public Service District filed a certificate of convenience and necessity on November 27, 1991.
2. The ALJ approved the application on June 25, 1992.
3. Staff filed an exception to the ALJ's analysis but not to its conclusion.

### CONCLUSIONS OF LAW

1. The ALJ's discussion of notice and procedural due process was not necessary to support its holding that the District should continue with its declining block rate structure.
2. The ALJ's opinion should be modified so as not to address an unnecessary issue.

### ORDER

IT IS, THEREFORE, ORDERED that the ALJ's opinion be modified to delete the first full paragraph on page nine and replace it with the following:

The published notice of filing and notice of hearing each contained increased rates in the form of the District's historical declining block rate. The dismantling of the District's existing declining block rate structure and the corresponding adoption of a "flat" rate would clearly have a disproportionate impact on the District's high volume users. This is not a decision based on a substantive rejection of the "flat" rate design as applied to this case. Specific leave is hereby granted for the District to file a petition seeking conversion to the "flat" rate structure upon proper notice and a supporting class cost of service study. The proposed elimination of the minimum bill provisions in the District's existing rate structure may also be addressed as a part of that petition.

Further, the ALJ's finding of fact number thirteen is deleted and replaced by the following:

13. There has been no cost of service study in the record which would establish that the proposed flat rate is a more reasonable and appropriate rate design than the District's previously approved declining block rate design. (Tr., pp. 174-179).

Finally, the ALJ's third conclusion of law is deleted and replaced with the following:

3. Since there has not been a class cost of service study in the record which would support the adoption of a flat rate structure over the District's existing rate structure, it

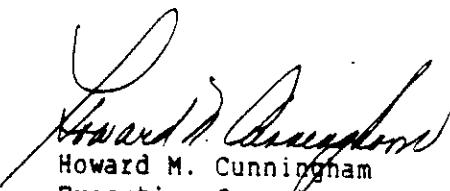
would be inappropriate to modify the District's rate structure in this case. Therefore, the rates and charges for the District's services shall be increased in accordance with the Staff-recommended rates with minimum charge contained in Staff's post-hearing Exhibit I, consisting of across-the-board incremental increases to the existing declining block rates.

IT IS, THEREFORE, ORDERED that as modified by this order, the ALJ's Recommended Decision is adopted by the Commission.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

ARC  
KG/dmt

A True Copy, Teste:

  
Howard M. Cunningham  
Executive Secretary





PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority") and Ronald B. Sizemore, Chairman of Pea Ridge Public Service District (the "Issuer"), hereby certify as follows:

1. On the 28th day of December, 1992, the Authority received the Pea Ridge Public Service District Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), issued in the principal amount of \$1,250,000, as a single, fully registered Bond, numbered R-1 and dated December 28, 1992 (the "Bonds").

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by Ronald B. Sizemore, as Chairman of the Issuer, and by William W. Hughes, as Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of \$62,500, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the West Virginia Division of Environmental Protection as acquisition and construction of the Project progresses.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and PEA RIDGE PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 28th day of December, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B. Meadows  
Secretary-Treasurer

PEA RIDGE PUBLIC SERVICE DISTRICT

By Ronald B. Symore  
Chairman

12/16/92  
PEAC.E2  
69258/92001



PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the Pea Ridge Public Service District Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), in the principal amount of \$1,250,000, dated December 28, 1992 (the "Bonds"), executed by the Chairman and Secretary of Pea Ridge Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement dated November 17, 1992, by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

(4) Signed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$62,500, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 28th day of December, 1992.

PEA RIDGE PUBLIC SERVICE DISTRICT

By Ronald B. Sigmore  
Its Chairman

12/16/92  
PEAC.F2  
69258/92001



(SPECIMEN BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PEA RIDGE PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1992  
(WEST VIRGINIA SRF PROGRAM)

No. R-1

\$1,250,000

KNOW ALL MEN BY THESE PRESENTS: That PEA RIDGE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and such interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among

the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated November 17, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on December 21, 1992, and a Supplemental Resolution duly adopted by the Issuer on December 21, 1992 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REFUNDING REVENUE BONDS, SERIES 1990, DATED MAY 1, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,700,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1992 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System,



to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to

and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, PEA RIDGE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated December 28, 1992.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 28, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	

EXHIBIT B  
SCHEDULE OF ANNUAL DEBT SERVICE

PEA RIDGE PUBLIC SERVICE DISTRICT SRF LOAN PROGRAM P & I Quarterly Payments DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1993	-	-	-	-
3/01/1994	10,000.00	3.00000%	9,375.00	19,375.00
6/01/1994	10,000.00	3.00000%	9,300.00	19,300.00
9/01/1994	10,000.00	3.00000%	9,225.00	19,225.00
12/01/1994	10,000.00	3.00000%	9,150.00	19,150.00
3/01/1995	10,000.00	3.00000%	9,075.00	19,075.00
6/01/1995	10,000.00	3.00000%	9,000.00	19,000.00
9/01/1995	10,000.00	3.00000%	8,925.00	18,925.00
12/01/1995	10,000.00	3.00000%	8,850.00	18,850.00
3/01/1996	10,000.00	3.00000%	8,775.00	18,775.00
6/01/1996	10,000.00	3.00000%	8,700.00	18,700.00
9/01/1996	10,000.00	3.00000%	8,625.00	18,625.00
12/01/1996	10,000.00	3.00000%	8,550.00	18,550.00
3/01/1997	15,000.00	3.00000%	8,475.00	23,475.00
6/01/1997	15,000.00	3.00000%	8,362.50	23,362.50
9/01/1997	15,000.00	3.00000%	8,250.00	23,250.00
12/01/1997	15,000.00	3.00000%	8,137.50	23,137.50
3/01/1998	15,000.00	3.00000%	8,025.00	23,025.00
6/01/1998	15,000.00	3.00000%	7,912.50	22,912.50
9/01/1998	15,000.00	3.00000%	7,800.00	22,800.00
12/01/1998	15,000.00	3.00000%	7,687.50	22,687.50
3/01/1999	15,000.00	3.00000%	7,575.00	22,575.00
6/01/1999	15,000.00	3.00000%	7,462.50	22,462.50
9/01/1999	15,000.00	3.00000%	7,350.00	22,350.00
12/01/1999	15,000.00	3.00000%	7,237.50	22,237.50
3/01/2000	15,000.00	3.00000%	7,125.00	22,125.00
6/01/2000	15,000.00	3.00000%	7,012.50	22,012.50
9/01/2000	15,000.00	3.00000%	6,900.00	21,900.00
12/01/2000	15,000.00	3.00000%	6,787.50	21,787.50
3/01/2001	15,000.00	3.00000%	6,675.00	21,675.00
6/01/2001	15,000.00	3.00000%	6,562.50	21,562.50
9/01/2001	15,000.00	3.00000%	6,450.00	21,450.00
12/01/2001	15,000.00	3.00000%	6,337.50	21,337.50
3/01/2002	15,000.00	3.00000%	6,225.00	21,225.00
6/01/2002	15,000.00	3.00000%	6,112.50	21,112.50
9/01/2002	15,000.00	3.00000%	6,000.00	21,000.00
12/01/2002	15,000.00	3.00000%	5,887.50	20,887.50
3/01/2003	15,000.00	3.00000%	5,775.00	20,775.00
6/01/2003	15,000.00	3.00000%	5,662.50	20,662.50
9/01/2003	15,000.00	3.00000%	5,550.00	20,550.00
12/01/2003	15,000.00	3.00000%	5,437.50	20,437.50
3/01/2004	15,000.00	3.00000%	5,325.00	20,325.00
6/01/2004	15,000.00	3.00000%	5,212.50	20,212.50
9/01/2004	15,000.00	3.00000%	5,100.00	20,100.00
12/01/2004	15,000.00	3.00000%	4,987.50	19,987.50
3/01/2005	15,000.00	3.00000%	4,875.00	19,875.00
6/01/2005	15,000.00	3.00000%	4,762.50	19,762.50
9/01/2005	15,000.00	3.00000%	4,650.00	19,650.00
12/01/2005	15,000.00	3.00000%	4,537.50	19,537.50
3/01/2006	15,000.00	3.00000%	4,425.00	19,425.00
6/01/2006	15,000.00	3.00000%	4,312.50	19,312.50

SEE 3-pg 31  
SCHEDULE Y

PEA RIDGE PUBLIC SERVICE DISTRICT  
SRF LOAN PROGRAM  
P & I Quarterly Payments

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2006	15,000.00	3.00000%	4,200.00	19,200.00
12/01/2006	15,000.00	3.00000%	4,087.50	19,087.50
3/01/2007	15,000.00	3.00000%	3,975.00	18,975.00
6/01/2007	15,000.00	3.00000%	3,862.50	18,862.50
9/01/2007	15,000.00	3.00000%	3,750.00	18,750.00
12/01/2007	15,000.00	3.00000%	3,637.50	18,637.50
3/01/2008	15,000.00	3.00000%	3,525.00	18,525.00
6/01/2008	15,000.00	3.00000%	3,412.50	18,412.50
9/01/2008	20,000.00	3.00000%	3,300.00	23,300.00
12/01/2008	20,000.00	3.00000%	3,150.00	23,150.00
3/01/2009	20,000.00	3.00000%	3,000.00	23,000.00
6/01/2009	20,000.00	3.00000%	2,850.00	22,850.00
9/01/2009	20,000.00	3.00000%	2,700.00	22,700.00
12/01/2009	20,000.00	3.00000%	2,550.00	22,550.00
3/01/2010	20,000.00	3.00000%	2,400.00	22,400.00
6/01/2010	20,000.00	3.00000%	2,250.00	22,250.00
9/01/2010	20,000.00	3.00000%	2,100.00	22,100.00
12/01/2010	20,000.00	3.00000%	1,950.00	21,950.00
3/01/2011	20,000.00	3.00000%	1,800.00	21,800.00
6/01/2011	20,000.00	3.00000%	1,650.00	21,650.00
9/01/2011	20,000.00	3.00000%	1,500.00	21,500.00
12/01/2011	20,000.00	3.00000%	1,350.00	21,350.00
3/01/2012	20,000.00	3.00000%	1,200.00	21,200.00
6/01/2012	20,000.00	3.00000%	1,050.00	21,050.00
9/01/2012	20,000.00	3.00000%	900.00	20,900.00
12/01/2012	20,000.00	3.00000%	750.00	20,750.00
3/01/2013	20,000.00	3.00000%	600.00	20,600.00
6/01/2013	20,000.00	3.00000%	450.00	20,450.00
9/01/2013	20,000.00	3.00000%	300.00	20,300.00
12/01/2013	20,000.00	3.00000%	150.00	20,150.00
TOTAL	1,250,000.00	-	418,912.50	1,668,912.50

YIELD STATISTICS

Accrued Interest from 12/01/1993 to 12/01/1993...	-
Average Life.....	11.171 YEARS
Bond Years.....	13,963.75
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112500%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112500%

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_





# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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UNION NATIONAL CENTER EAST

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December 28, 1992

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Pea Ridge Public Service District  
Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Pea Ridge Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,250,000 Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated November 17, 1992, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable at the rate of 3% per annum, and both principal and interest are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1994, all as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act, the bond and notes resolution duly adopted by the Issuer on December 21, 1992, as

supplemented by a supplemental resolution adopted December 21, 1992 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement that has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly organized and validly existing public service district and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority and the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Refunding Revenue Bonds, Series 1990, dated May 1, 1990, issued in the original principal amount of \$2,700,000, and in accordance with the terms of the Bonds and the Bond Legislation.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the

inclusion of interest on the Bonds in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from direct taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

  
STEPTOE & JOHNSON

12/22/92  
PEAC.G4  
69258/92001



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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December 28, 1992

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## Pea Ridge Public Service District Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program)

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance by Pea Ridge Public Service District (the "Issuer") of its \$1,250,000 Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program) (the "Bonds"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

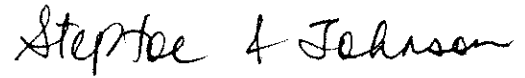
Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Bonds are not "arbitrage bonds" as so defined.

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of

West Virginia Water Development Authority  
Page 2

interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

Very truly yours,

A handwritten signature in cursive script that reads "Steptoe & Johnson".

STEPTOE & JOHNSON

12/22/92  
PEAC.H3  
69258/92001



Ronald J. Flora

Attorney at Law

1111 Main Street

Milton, West Virginia 25541

(304) 743-5354

fax (304) 743-4120

File No. \_\_\_\_\_

December 28, 1992

Pea Ridge Public Service District  
Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Steptoe & Johnson  
Post Office Box 2190  
Clarksburg, West Virginia 26301

Ladies and Gentlemen:

I am counsel to Pea Ridge Public Service District, a public service district, in Cabell County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated November 17, 1992, by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), the Bond Legislation (as defined therein) and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Cabell County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in said opinion, Bond Legislation and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.



4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Cabell County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered June 25, 1992, in Case No. 91-631-PSD-CN, among other things, approving and consenting to the issuance of the Bonds and granting to the Issuer a certificate of public convenience and necessity for the Project has expired prior to the date hereof.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

All counsel to this transaction may rely upon this opinion  
as if specifically addressed to them.

Very truly yours,



RONALD J. FLORA, ESQUIRE



PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
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We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Pea Ridge Public Service District, in Cabell County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$1,250,000 Pea Ridge Public Service District Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program) (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted December 21, 1992, and a Supplemental Resolution adopted December 21, 1992 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Grant Receipts or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants or any proceedings of the Issuer taken with respect to the

issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

Not later than 1 day following the delivery of the Bonds, the Issuer shall enter into written contracts for the immediate acquisition and construction of the Project.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into among the Issuer, the Authority and the DEP. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There is outstanding an obligation of the Issuer which will rank on parity with the Bonds as to liens, pledge and source of and security for payment, being the Sewer Refunding Revenue Bonds, Series 1990, dated May 1, 1990, issued in the original aggregate principal amount of \$2,700,000 (the "Prior Bonds"). The Issuer is not in default under the terms of the Prior Bonds or the Prior Resolution and has complied with all provisions thereof with respect to the issuance of parity bonds. All payments into the funds and accounts provided for in the Prior Resolution on account of the Prior Bonds and any other payments provided for in the Prior Resolution have been made in full as required to the date of delivery of the Bonds.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, altered, supplemented or changed in any way unless modification appears from later documents also listed below:

Orders of County Commission proposing the creation of and creating Public Service District and Affidavit of Publication.

Orders of County Commission proposing the expansion of and expanding Public Service District and Affidavit of Publication.

Orders of County Commission appointing current members to Public Service Board.

Oaths of Office of current members of Public Service Board.

1990 Bond Resolution.

1990 Supplemental Resolution.

Bond and Notes Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Filing of PSC Application.

Minutes of Current Year Organizational Meeting and on Adoption of Bond and Notes Resolution and Supplemental Resolution.

Loan Agreement.

Public Service Commission Orders entered June 25, 1992, and August 5, 1992.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Pea Ridge Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Cabell County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
William W. Hughes	August, 1989	August, 1994
Ronald B. Sizemore	August, 1989	August, 1994
[Third member not yet appointed.]		

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1992 are as follows:

Chairman	-	Ronald B. Sizemore
Secretary/Treasurer	-	William W. Hughes

The duly appointed and acting counsel to Issuer is Ronald J. Flora, Esquire, Milton, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all

applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost. The Issuer shall deliver to the Authority evidence of a fidelity bond covering the person or persons who shall have access or control over the Issuer's funds.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on June 25, 1992 (Case No. 91-631-PSD-CN), among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving and rates and charges for the services of the System and approving and consenting to the issuance of the Bonds and the financing for the Project, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered R-1, dated December 28, 1992, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate



and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received \$62,500 from the DEP and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

15. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For

purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

16. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true, correct and complete.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. CLEAN WATER ACT: The Project as described in the Bond Legislation complies with Sections 208 and 303(e) of the Clean Water Act.

WITNESS our signatures and the official seal of PEA RIDGE  
PUBLIC SERVICE DISTRICT on this 28th day of December, 1992.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Ronald B. Sizmore  
William L. Hughes  
Ronald J. Lee

Chairman

Secretary

Counsel to Issuer

12/16/92  
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PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

I, Ronald B. Sizemore, Chairman of the Public Service Board of Pea Ridge Public Service District, in Cabell County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,250,000 aggregate principal amount of Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated December 28, 1992 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 28, 1992, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond and Notes Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information

return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on December 28, 1992, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated November 17, 1992, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, for an aggregate purchase price of \$1,250,000 (100% of par), of which \$62,500 was received on the date hereof, which is more than a de minimis amount of the proceeds of the Bonds. No accrued interest has been or will be paid on the Bonds.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds.

8. Not later than 1 day following the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before October, 1994, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by October, 1993.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$1,250,000. Sources and uses of funds for the Project are as follows:

### SOURCES

Gross Proceeds of the Bonds	<u>\$1,250,000</u>
Total Sources	<u>\$1,250,000</u>

### USES

Acquisition and Construction of Project	\$1,236,000
Capitalized Interest on the Bonds	-0-
Funded Reserve for the Bonds	-0-
Costs of Issuance	<u>14,000</u>
Total Uses	<u>\$1,250,000</u>

The amount of Project costs is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Bond and Notes Resolution pursuant to which the Bonds are issued, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (continued);
- (2) Operation and Maintenance Fund (continued);
- (3) Depreciation Fund (continued);
- (4) Rebate Fund (continued);
- (5) Bond Construction Trust Fund;
- (6) Series 1992 Bonds Rebate Fund;
- (7) Prior Bonds Sinking Fund, and within the Prior Bonds Sinking Fund, the Prior Bonds Reserve Account (continued); and
- (8) Series 1992 Bonds Sinking Fund, and within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account.

11. Pursuant to Article VI of the Bond and Notes Resolution pursuant to which the Bonds are issued, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of \$-0- will be deposited in the Series 1992 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of \$-0- will be deposited in the Series 1992 Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds as advanced to the Issuer will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 1992 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Series 1992 Bonds Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1992 Bonds Sinking Fund and the Series 1992 Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond and Notes Resolution.

13. Except for the Series 1992 Bonds Sinking Fund and the Series 1992 Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial



difficulties. The Issuer does not expect that moneys in the Series 1992 Bonds Rebate Fund, the Operation and Maintenance Fund, the Prior Bonds Sinking Fund or the Depreciation Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1992 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1992 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds, and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1992 Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1992 Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer expects to enter into a contract within 6 months of the date hereof, or has already entered into such a contract, for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction is expected to be completed within 10 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 1992 Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1992 Bonds Reserve

Account, if any, all of the proceeds of the Bonds will be expended on the Project within 22 months from the date of issuance thereof.

18. The Series 1992 Bonds Sinking Fund (other than the Series 1992 Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1992 Bonds Sinking Fund (other than the Series 1992 Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1992 Bonds Sinking Fund (other than the Series 1992 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1992 Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1992 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation.

19. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

20. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

22. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issues, except to the extent any such proceeds are required for rebate to the United States.

24. The Issuer shall use the Bond proceeds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

25. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by

reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

26. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

27. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

28. The Issuer has retained the right to amend the Bond and Notes Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

29. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

30. The Issuer has either (a) funded the Series 1992 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1992 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1992 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1992 Bonds Reserve Account and the Series 1992 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

31. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the

Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

32. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

33. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Series 1992 Bonds Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Series 1992 Bonds Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted pay, or cause to be paid, to the United States, from the Series 1992 Bonds Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Series 1992 Bonds Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

34. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by

reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

35. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

36. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

37. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

38. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

39. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

42. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

43. To the best of my knowledge, information and belief,  
the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 28th day of  
December, 1992.

PEA RIDGE PUBLIC SERVICE DISTRICT

By Ronald B. Sizmore  
Its Chairman

12/16/92  
PEAC.K2  
69258/92001



PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

ENGINEER'S CERTIFICATE

I, A. Dayton Carpenter, Registered Professional Engineer, West Virginia License No. 8144, of ERM-Midwest, Inc., Consulting Engineers, in Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public sewerage facilities (the "Project") of Pea Ridge Public Service District (the "Issuer") to be constructed primarily in Cabell County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond and Notes Resolution adopted by the Issuer on December 21, 1992, and the Loan Agreement, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), dated November 17, 1992.

2. The Bonds are being issued for the purposes of paying a portion of the costs of acquisition and construction of the Project and paying costs of issuance and related costs.

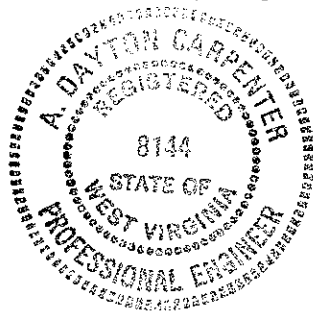
3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously



deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.


WITNESS my signature on this 28th day of December, 1992.

[SEAL]



ERM-MIDWEST, INC.

By

  
Its Senior Vice President  
West Virginia License No. 8144

12/16/92  
PEAC.L2  
69258/92001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Pea Ridge Public Service District

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS  
AND COST OF FINANCING

A. Cost of Project

1.	Construction	\$	<u>1,111,083</u>
2.	Technical Services	\$	<u>105,985</u>
3.	Legal and Fiscal	\$	<u>6,000</u>
4.	Administrative	\$	<u>0</u>
*5.	Site and Other Lands	\$	<u>0</u>
*6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$	<u>0</u>
7.	Interim Financing Costs	\$	<u>0</u>
8.	Contingency	\$	<u>12,932</u>
9.	Total of Lines 1 through 8	\$	<u>1,236,000</u>

\$ 1,236,000

B. Sources of Funds

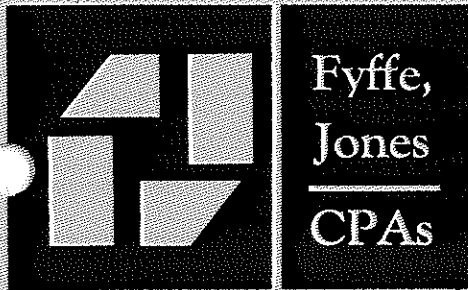
10.	Federal Grants: <sup>1</sup>	\$	<u>0</u>
	(Specify Sources) _____	\$	<u>          </u>
11.	State Grants: <sup>1</sup>	\$	<u>0</u>
	(Specify Sources) _____	\$	<u>          </u>
	_____	\$	<u>          </u>
	_____	\$	<u>          </u>
12.	Other Grants: <sup>1</sup>	\$	<u>0</u>
	(Specify Sources) _____	\$	<u>          </u>
13.	Any Other Source <sup>2</sup>	\$	<u>0</u>
	(Specify) _____	\$	<u>          </u>
14.	Total of Lines 10 through 13	\$	<u>0</u>
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)	\$	<u>1,236,000</u>

C. Cost of Financing

16.	Capitalized Interest	\$	<u>0</u>
	(Construction period plus six months)		
17.	Funded Reserve Account <sup>3</sup>	\$	<u>0</u>
18.	Other Costs: <sup>4</sup>	\$	<u>0</u>
		\$	<u>14,000</u>
19.	Total Cost of Financing (lines 16 through 18)	\$	<u>14,000</u>
20.	Size of Bond Issue (Line 15 plus Line 19)	\$	<u>1,250,000</u>

\* not allowable for State Revolving Fund Assistance





**Fyffe, Jones & Associates**

P.O. Box 2245  
2155 Carter Avenue  
Ashland, KY 41105-2245  
606-329-8604

P.O. Box 1148  
612 Sixth Avenue  
Huntington, WV 25713-1148  
304-525-8592

602 Chillicothe Street  
Masonic Temple, Room 104  
Portsmouth, OH 45662  
614-353-0400

P.O. Box 404  
604 Central Avenue  
Barboursville, WV 25504  
304-736-2288

December 28, 1992

**Pea Ridge Public Service District  
Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)**

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25065

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 91-631-PSD-CN, entered June 25, 1992, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by ERM-Midwest, Inc., Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Pea Ridge Public Service District (the "Issuer"), will pay all repair, operation and maintenance expense and leave a balance equal to at least 125% of the maximum annual debt service on the Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the Issuer's Sewer Refunding Revenue Bonds, Series 1990 (the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during the fiscal year preceding the date of actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in the first succeeding year after the date of issuance of the Bonds shall not be less than 125% of the maximum annual Debt Service on the Prior Bonds and the Bonds, all as provided in the Issuer's Bond Resolution adopted on May 29, 1990.

Very truly yours,

*Fyffe, Jones & Associates, A.C.*  
FYFFE, JONES & ASSOCIATES, A.C.  
CERTIFIED PUBLIC ACCOUNTANTS



NOTICE OF PUBLIC HEARING OF A  
PROPOSED PUBLIC SERVICE DISTRICT.

The County Court of Cabell County, West Virginia, will, on the 3rd day of May, 1957 at 10:00 A. M. in the Courtroom thereof in the Courthouse of said County at Huntington, West Virginia, hold a public hearing upon the question of establishing a public service district in said County to be known as the Pea Ridge Public Sewer District, and which district is described as follows:

Beginning at the South East Huntington Corporation Line where it strikes the Guyandotte River; thence with the south side of the said Guyandotte River and with its meanders in an easterly direction to the West Corporation Line of the Village of Barboursville; thence continuing with the westerly and northerly side of the said Guyandotte River in a southerly and westerly direction to West Virginia Route No. 10, also known as the Davis Creek Road; thence in a southerly direction to alternate West Virginia Route No. 10 or Sixteenth Street Road and continuing thence to Norwood Road; thence with the said Norwood Road to the South Huntington Corporation Line; thence in an easterly and northerly direction with the said Huntington Corporation Line to the place of beginning.

Dated this 3rd day of April, 1957.

*Frank D. Arthur*  
Clerk of the County Court of Cabell  
County, West Virginia

*10. I have Jack with me  
copy of the notice to have  
it reviewed by the dispatch  
5-2-57*

NOTARY PUBLIC  
HUNTINGTON, WEST VIRGINIA  
I, Charles H. Hays, Notary Public for the State of West Virginia, do hereby certify that the attached  
Legal Notice IH-567  
was published in The Herald-Dispatch  
One time commencing with the issue of April 5, 1957  
and ending with the issue of April 5, 1957  
and that the same was duly posted at the East front door of the Courthouse of Cabell County, West Virginia, on the date of the first publication thereof; that the price for publishing the same, computed in accordance with the provisions of Chapter 59, Article 1, Section 34 of the West Virginia Code of 1937, is \$ 6.60

# CERTIFICATE OF PUBLICATION

I, Frances Pancake, Legal Clerk  
of the HUNTINGTON PUBLISHING COMPANY, publisher of the following newspapers of general circulation at Huntington, Cabell County, West Virginia, viz: THE HUNTINGTON ADVERTISER, published the evening of every week day; THE HERALD-DISPATCH, published the morning of every week day; and THE HERALD-ADVERTISER, published every Sunday

morning, do hereby certify that the attached

Legal Notice IH-567

was published in The Herald-Dispatch

One time commencing with the issue of April 5, 1957

commencing with the issue of April 5, 1957

and ending with the issue of April 5, 1957

and that the same was duly posted at the East front door of the Courthouse of Cabell County, West Virginia, on the date of the first publication thereof; that the price for publishing the same, computed in accordance with the provisions of Chapter 59, Article 1, Section 34 of the West Virginia Code of 1937, is \$ 6.60

Frances Pancake  
Legal Clerk  
Huntington Publishing Company

STATE OF WEST VIRGINIA, }  
COUNTY OF CABELL, } ss.

Taken, sworn to and subscribed before me by Frances Pancake

this 5th day of April, 19 57

My commission expires March 20, 1958

Charles H. Hays  
Notary Public, Cabell County, West Virginia

ENTER April 9, 1957  
Frank Hays  
Notary  
Commission  
COMMISSIONER'S RECORD  
BOOK NO.        PAGE NO.



Huntington, West Virginia

May 3, 1957.

The County Court of Cabell County, West Virginia, met in regular session pursuant to law and to the rules of said Court at the County Court House, Cabell County, West Virginia, at 10:00 o'clock A. M. The meeting was called to order and the roll being called there were present Frank Heiner, President, presiding, and the following named Commissioners: Theodore A. Cavendish and G. Y. Neal

Absent: None.

\*\*\* \*\*

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Pea Ridge Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on April 3rd, 1957, the President announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Frank Heiner introduced and caused to be read a proposed resolution and order, entitled:

" RESOLUTION AND ORDER creating the Pea Ridge Public Service District in Cabell County, West Virginia",

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. G. Y. Neal seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Frank Heiner, G. Y. Neal and Theodore A. Cavendish



May: None

Whereupon the President declared the motion duly carried  
and said resolution and order duly adopted.

G. Y. Neal

Introduced and caused

to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the public  
service board of the Pea Ridge Public Service District"

and moved that all rules otherwise requiring deferred considera-  
tion or several readings be suspended and said proposed resolution  
and order be adopted. Theodore A. Cavendish seconded the  
motion and after due consideration the President put the question  
on the motion and the roll being called, the following voted:

Aye: Frank Hainer, G. Y. Neal and Theodore A. Cavendish

May: None.

Whereupon the President declared the motion duly carried  
and said resolution and order duly adopted.

\*\*\* \*\*

On motion and vote the meeting adjourned.

Frank Hainer  
President

ATTEST:

Keith L. Arthur  
Clerk



A RESOLUTION AND ORDER appointing members to  
the public service board of the Pea Ridge  
Public Service District.

\*\*\*

WHEREAS, the County Court of Cabell County, West Virginia, did heretofore by resolution and order adopted May 3, 1957, create the Pea Ridge Public Service District; and

WHEREAS, under the provisions of Article 13A of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested in and exercised by a public service board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the West Virginia Code that this County Court shall appoint three members of said board, who shall be persons residing within the district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Cabell County, West Virginia, as follows:

Section 1. That the County Court of Cabell County, West Virginia, hereby finds and determines that Anthony Gebhardt

Eugene Childers, and Travis Wells, are persons residing within the said Pea Ridge Public Service District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Anthony Gebhardt, for a term of six years from the first day of the month in which this resolution and order is adopted;

Eugene Childers, for a term of four years from the first day of the month in which this resolution and order is adopted; and

Travis Wells, for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the office of the Clerk of said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Pea Ridge Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 15 of the West Virginia Code.

ADOPTED BY THE COUNTY COURT May 3, 1957.

Frank H. Hume  
President

ATTEST:

Keith L. Arthur  
Clerk

**A RESOLUTION AND ORDER creating the Pea Ridge  
Public Service District in Cabell County, West  
Virginia.**

WHEREAS, the County Court of Cabell County, West Virginia, did heretofore by a resolution and order adopted April 3, 1957, fix a date for a public hearing on the creation of the proposed Pea Ridge Public Service District and in and by said resolution and order provide that all persons residing in or having an interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Cabell County, West Virginia, as follows:

Section 1. That a public service district within Cabell County, West Virginia, is hereby created, and said district shall have the following described boundaries:

Beginning at the South East Huntington Corporation line where it strikes the Guyandotte River; thence with the south side of the said Guyandotte River and with its meanders in an easterly direction to the West Virginia line at the Village of Harpersville; thence continuing with the westerly and northern side of the said

Guyandotte River in a southerly and westerly direction to West Virginia Route No. 10, also known as the Davis Creek Road; thence in a southerly direction to alternate West Virginia Route No. 10 or Sixteenth Street Road and continuing thence to Morwood Road; thence with the said Morwood Road to the South Huntington Corporation Line; thence in an easterly and northerly direction with the said Huntington Corporation Line to the place of beginning.

Section 2. That said public service district so created shall have the name and corporate title of "Pea Ridge Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Cabell County, West Virginia, has determined that the territory within Cabell County, West Virginia, having the hereinabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of sewerage services within such territory by said public service district is feasible and will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT May 3 1957

*Frank Haines*  
President

ATTEST:

*Keith L. Arthur*  
Clerk



STATE OF WEST VIRGINIA

COUNTY OF CABELL

} ss.

I, Keith Arthur, hereby certify that I am the duly qualified and acting Clerk of the County Court of Cabell County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of May 3, 1957, and resolutions and orders then adopted relating to the creation of the Pea Ridge Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Huntington, West Virginia, this 3rd day of May, 1957.

*Keith L. Arthur*  
County Court Clerk

THE PETITION OF THE PEA RIDGE PUBLIC SERVICE DISTRICT,  
A PUBLIC CORPORATION, AND THE PETITION OF APPROXIMATELY  
ONE HUNDRED PROPERTY OWNERS TO REVISE AND CHANGE THE  
BOUNDARY LINE OF THE TERRITORY EMBRACED IN THE PEA  
RIDGE PUBLIC SERVICE DISTRICT, PURSUANT TO ARTICLE 13A  
OF CHAPTER 16, OF THE CODE OF WEST VIRGINIA, AS AMENDED.

TO THE COUNTY COURT OF CABELL COUNTY, WEST VIRGINIA:

THE PEA RIDGE PUBLIC SERVICE DISTRICT, a public corporation, duly created by the County Court of Cabell County, West Virginia, pursuant to Chapter 16, of the West Virginia Code and the property owners who have signed the petition attached hereto, do hereby petition the County Court of Cabell County, West Virginia, to revise and change the boundary lines of the said territory limits by adding the territorial limits described below pursuant to the provisions of Article 13A of Chapter 16 of the Code of West Virginia, as amended:

Beginning at the Southeast Monel Park Public Service District Line where it strikes the Guyandotte River, then with the south side of the said Guyandotte River and with its meanderers in an easterly direction to the west line of the Pea Ridge Public Service District at Russell Creek; thence continuing with the westerly line of Pea Ridge Public Service District in a southerly direction to Campbell Park; thence in a westerly direction meandering along the north watershed to the east line of Monel Park Public Service District line; thence in a northerly direction with the easterly line of Monel Park Public Service District to the place of beginning.

The purpose of the change in the territorial limits of the Pea Ridge Public Service District is to enable the said Pea Ridge Public Service District to construct or acquire by purchase or otherwise, and maintain, operate, improve and extend properties and sewage service within said territory and also outside such territory to the extent permitted by law.

The petitioners represent to the County Court that this additional area can best be serviced by the Pea Ridge Public Service District and that such service can be furnished more economically than an independent public service district.



The territory described above does not include within its limits the territory of any other public service district organized under the law hereinbefore referred to, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

The undersigned petitioners will, upon demand, deposit with the County Court of Cabell County, the costs of publication of the notice of public hearing as required by law.

J. H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, prepared a map embracing the territory to be annexed and added to the Pea Ridge Public Service District which is described hereinabove. A copy of the said map is hereto attached and made part of this petition.

WHEREFORE, the petitioners request the County Court of Cabell County, to revise and change a boundary line of the Pea Ridge Public Service District in accordance with this petition.

Signed this 20 day of April, 1965.

PEA RIDGE PUBLIC SERVICE DISTRICT

By: Anthony C. Gebhardt, Chairman

Edward H. Greene  
Edward H. Greene, Secretary of the  
Pea Ridge Public Service District

KEITH L. ARTHUR  
Apr 21 9 32 AM 1965  
CABELL COUNTY CLERK



We, the undersigned property owners, desire to join the  
Pea Ridge Public Service District for the purpose of obtaining a  
sewer system.

Cell 7

<u>Mrs. Howard J. Thacker</u> NAME O.C. Institute, Inc.	<u>1111 Norway Ave. Huntington</u> ADDRESS Phone 736-4267
<u>Shelma V. Owen, M.D.</u> NAME	<u>Camell Drive</u> ADDRESS
<u>T. H. Culp</u> NAME	<u>1115 Norway Ave</u> ADDRESS
<u>E. H. Birmingham</u> NAME	<u>1109 Norway Ave</u> ADDRESS
<u>Conrad L. Carver</u> NAME	<u>1010 Campbell Ave</u> ADDRESS
<u>Mrs. Homer W. Wagoner</u> NAME	<u>987 Norway Ave</u> ADDRESS
<u>G. V. Hubert</u> NAME	<u>991 Norway Ave</u> ADDRESS
<u>Mrs. Mrs. Culp</u> NAME	<u>1007 Norway Ave</u> ADDRESS
<u>Tom T. Borden</u> NAME	<u>1009 Norway Ave</u> ADDRESS
<u>Margaret Heaver</u> NAME	<u>1020 Norway Ave</u> ADDRESS
<u>Mrs. Lyle Plunk</u> NAME	<u>1101 Norway Ave</u> ADDRESS
<u>Mr. J. E. Vance</u> NAME	<u>1102 Norway Ave</u> ADDRESS

<u>Blake Dean</u> NAME	<u>1104 Norway</u> ADDRESS
<u>Arthur N. Lewis</u> NAME	<u>1112 Norway Ave</u> ADDRESS
<u>C. J. Cleveland</u> NAME	<u>1116 Norway Ave</u> ADDRESS
<u>L. D. Gillette</u> NAME	<u>302 Rockwood Ct</u> ADDRESS
<u>T. R. Hall</u> NAME	<u>537 Tidewater St.</u> ADDRESS
<u>Wm. G. Hart</u> NAME	<u>1103 Campbell Ave</u> ADDRESS
<u>Paul J. Hays</u> NAME	<u>1651 A</u> ADDRESS
<u>J. H. Hinkle</u> NAME	<u>1597 Tidewater St.</u> ADDRESS
<u>A. S. Fuchs</u> NAME	<u>1110 NORWAY AVE.</u> ADDRESS
<u>Lois S. Hays</u> NAME	<u>306 Rockwood Court</u> ADDRESS
<u>Mrs. Edward C. Anderson</u> NAME	<u>209 Childers Court</u> ADDRESS
<u>Wm. R. Miller</u> NAME	<u>1622-Campbell Ave.</u> ADDRESS
<u>Mr. Bernie Lowe</u> NAME	<u>1103 Norway Ave.</u> ADDRESS
<u>Elizabeth Hill</u> NAME	<u>1122 Norway Ave</u> ADDRESS

*Deanna Fabricius Service*  
*405 Langel*

NAME

*3469 Route 60 East*

ADDRESS

*Mr. & Mrs. W.E. Rouse*

NAME

*1123 R. Norway Ave*

ADDRESS

*J. E. Rouse*

NAME

*1123 R. Norway Ave*

ADDRESS

*Carey J. Rouse*

NAME

*1117 Norway Ave*

ADDRESS

*W.E. Rouse*

NAME

*1127 Norway Ave*

ADDRESS

*Muriel McGinnis*

NAME

*1135 Norway Ave*

ADDRESS

*Lyb W. Shuman*

NAME

*1133 Norway Ave*

ADDRESS

*H. W. Thorne*

NAME

*1175 Norway Ave*

ADDRESS

*C. E. Thorne*

NAME

*1159 Norway Ave*

ADDRESS

*E. W. Thorne*

NAME

*1161 Norway Ave*

ADDRESS

*A. E. Thorne*

NAME

*1191 Norway Ave*

ADDRESS

*Billy Thorne*

NAME

*1221 Norway Ave*

ADDRESS

*Mrs. Don Thorne*

NAME

*1185 Norway Ave*

ADDRESS

*W. E. Thorne*

NAME

*1179 Norway Ave*

ADDRESS

Mr. John H. Thompson NAME

1624 Penn. Ave. N.W. ADDRESS

Mrs. C. R. Schap NAME

1629 Lincoln St. N.W. ADDRESS

Q. D. Hillis NAME

1627 Campbell St. N.W. ADDRESS

Mrs. J. W. Smith NAME

238 H. St. N.W. ADDRESS

Let Rhoads NAME

1543 Columbia Rd. N.W. ADDRESS

Anna Hatter NAME

1216 K. St. N.W. ADDRESS

John H. Hatter NAME

1216 K. St. N.W. ADDRESS

R. R. Hatter NAME

1235 K. St. N.W. ADDRESS

Mr. M. M. Hatter NAME

1235 K. St. N.W. ADDRESS

Mrs. Robert H. Hatter NAME

1235 K. St. N.W. ADDRESS

Mr. H. H. Hatter NAME

1187 H. St. N.W. ADDRESS

Anna Hatter NAME

1187 H. St. N.W. ADDRESS

Leslie Hatter NAME

1045 East Capitol St. N.E. ADDRESS

Mr. Tom Harmon NAME

1376 East Capitol St. N.E. ADDRESS

Mr. Harmon Skipped NAME

1378 East Capitol St. N.E. ADDRESS

Mrs. Mr. Morris Hershman NAME

1380 East Campbell Park ADDRESS

J. Huff NAME

1490 E. Campbell PK. ADDRESS

W. H. Farmer NAME

1490 E. Campbell PK. ADDRESS

Harvey P. Smith NAME

25 1/2 E. Campbell PK. ADDRESS

Mr. John H. Hannon NAME

1490 E. Campbell PK. ADDRESS

Mr. Hattie Hannon NAME

1490 E. Campbell PK. ADDRESS

P. C. Hanson NAME

1425 E. Campbell PK. ADDRESS

John H. Hanson NAME

1425 E. Campbell PK. ADDRESS

Walter H. Hanson NAME

1425 E. Campbell PK. ADDRESS

William H. Hanson NAME

1425 E. Campbell PK. ADDRESS

Mr. H. P. Hanson NAME

1425 E. Campbell PK. ADDRESS

Thomas C. Fickinger NAME

1561 E. Campbell PK. ADDRESS

John H. Fickinger NAME

1561 E. Campbell PK. ADDRESS

C. A. Fickinger NAME

1561 E. Campbell PK. ADDRESS

Lucille Hue NAME

1002 Bonnie Blvd ADDRESS

H. M. Hue NAME

1591 Morris Ave. ADDRESS

LeRoy Green NAME

1163 Norway Ave. ADDRESS

Miss Hays Hughes NAME1174 Maryland Ave ADDRESSFred V. Atkins NAME1119 Norway Ave ADDRESSHarold Christie, Jr NAME121 Eastern Heights Bldg - Apt. 101 ADDRESS  
1213 323 St. S.W.Jacques Christie NAME1121 3rd Ave ADDRESSRobert Murray Davis NAME325 - 1st Ave ADDRESSSamuel L. Davis NAME145 Cedar St ADDRESSW. L. Dillard NAME1150 H. St ADDRESSThomas Blanchard NAME1502 E. Campbell St ADDRESSMiss Alice Latch NAME1107 - 1st Ave ADDRESS  
Resident 732 3rdL. H. Latch NAME1128 1/2 Norway Ave ADDRESSE. H. Latch NAME415 7th Ave ADDRESSE. H. Latch NAME1139 Norway Ave ADDRESSC. H. McCormack NAME167 - 7th Ave ADDRESSPaul E. Latch NAME511 1st St ADDRESSMiss L. V. Latch NAME2 - 9 - 1st St ADDRESSMiss Latch NAME1630 Campbell St ADDRESS

H. W. Phipps NAME

212 Chatham St. ADDRESS

Mrs. S. A. Luke NAME

157 1/2 Chestnut St. ADDRESS

Hub. W. Greene NAME

1066 Cedar St. ADDRESS

Leah J. Green NAME

1066 Cedar St. ADDRESS

Ernest Green NAME

1232 1/2 Chestnut St. ADDRESS

C. H. Garrison NAME

1234 1/2 Chestnut St. ADDRESS

Mrs. C. W. White NAME

1234 1/2 Chestnut St. ADDRESS

NAME

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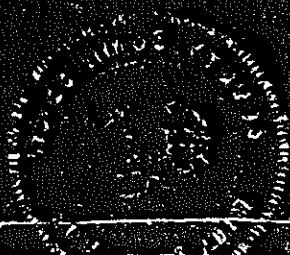
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A RESOLUTION AND ORDER FIXING A DATE OF HEARING TO REVISE, CHANGE AND ENLARGE THE BOUNDARY LINE OF PEA RIDGE PUBLIC SERVICE DISTRICT IN CABELL COUNTY, WEST VIRGINIA, AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Cabell County, West Virginia, a petition to this County Court to revise, change and enlarge the boundary line of Pea Ridge Public Service District by adding the following territory in Cabell County, West Virginia:

Beginning at the Southeast Monel Park Public Service District Line where it strikes the Guyandotte River, then with the south side of the said Guyandotte River and with its meanderers in an easterly direction to the west line of the Pea Ridge Public Service District at Russell Creek; thence continuing with the westerly line of Pea Ridge Public Service District in a southerly direction to Campbell Park; thence in a westerly direction meandering along the north watershed to the east line of Monel Park Public Service District line; thence in a northerly direction with the easterly line of Monel Park Public Service District to the place of beginning; and

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting; and

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, as amended, this County Court, upon presentation of such petition, is required to fix a date of hearing to revise, change and enlarge the public service district;

NOW, THEREFORE, be it and it is hereby resolved and ordered by the County Court of Cabell County, West Virginia, as follows:

Section 1: That the County Court of Cabell County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court, a petition to revise, change and enlarge the boundary line of Pea Ridge Public Service District by adding the following territory:



Beginning at the Southeast Monel Park Public Service District Line where it strikes the Guyandotte River, then with the south side of the said Guyandotte River and with its meanderers in an easterly direction to the west line of the Pea Ridge Public Service District at Russell Creek; thence continuing with the westerly line of Pea Ridge Public Service District in a southerly direction to Campbell Park; thence in a westerly direction meandering along the north watershed to the east line of Monel Park Public Service District line; thence in a northerly direction with the easterly line of Monel Park Public Service District to the place of beginning.

in Cabell County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A, Chapter 16 of the West Virginia Code, as amended.

Section 2: That said petition, among other things, states as follows:

a. The name and corporate title of said public service district is the Pea Ridge Public Service District.

b. The territory to be embraced in said public service district shall be as follows:

Beginning at the Southeast Monel Park Public Service District Line where it strikes the Guyandotte River, then with the south side of the said Guyandotte River and with its meanderers in an easterly direction to the west line of the Pea Ridge Public Service District at Russell Creek; thence continuing with the westerly line of Pea Ridge Public Service District in a southerly direction to Campbell Park; thence in a westerly direction meandering along the north watershed to the east line of Monel Park Public Service District line; thence in a northerly direction with the easterly line of Monel Park Public Service District to the place of beginning.

c. The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying sewerage services within such territory, and also outside such territory to the extent permitted by law.

d. The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, as amended, nor does such territory include within its limits any city, incorporated town, nor other municipal corporation.

Section 3: That on May 15, 1965, at the hour of 10:00 o'clock A. M., this County Court shall meet in the County Court House at Huntington, West Virginia, for the purpose of conducting a public hearing on the revising and enlarging of the public service district, at which time and place all persons residing in or owning or having any interest in property in the public service district may appear before this County Court and shall have an opportunity to be heard for and against the revising and enlarging of said district, and at such hearing, this County Court shall consider and determine the feasibility of the revising and enlarging of the public service district.

Section 4: That the County Court Clerk is hereby authorized and directed to cause notice of such hearing to be published on April 30 1965, in the HUNTINGTON ADVERTISER, a newspaper of general circulation published in Cabell County, the petitioners having satisfactorily indemnified the payment of the costs and expenses of publishing such notice.

April 27, 1965

The County Court of Cabell County, West Virginia, met in Regular session the 27th day of April, 1965 at 10:00 A. M. Present: Sam McConkey, Commissioner; Frank Black, Commissioner; \_\_\_\_\_, Commissioner. Absent: Fred Lunsford, Commissioner.

Thereupon the Clerk of the County Court of Cabell County, West Virginia presented to the Court a petition of Pea Ridge Public Service District and property owners of Cabell County, asking to revise, charge and enlarge the Pea Ridge Public Service District in the area described therein, and asking that the County Court adopt a proposed resolution and enter an order fixing a date of hearing, on the revising, changing and enlarging of the said district as set forth in said petition.

Frank Black introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER FIXING A DATE OF HEARING TO REVISE, CHANGE AND ENLARGE THE BOUNDARY LINE OF PEA RIDGE PUBLIC SERVICE DISTRICT IN CABELL COUNTY, WEST VIRGINIA, AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING"

Mr. Frank Black moved that said resolution and order be adopted. Mr. Sam McConkey seconded the motion, and after due consideration, the President put the question on the motion and the roll being called the following voted:

Aye: Sam McConkey, Commissioner  
Frank Black, Commissioner  
\_\_\_\_\_, Commissioner  
Nay: \_\_\_\_\_

Whereupon the President declared the motion duly carried and said resolution and order duly adopted. On motion and vote, the meeting was adjourned.

Clerk

*Keith L. Arthur*

*Sam McConkey*

Commissioner

*Frank Black*

Commissioner

NOTICE OF PUBLIC HEARING OF A PROPOSED  
CHANGE IN THE BOUNDARY LINE OF THE PEA  
RIDGE PUBLIC SERVICE DISTRICT BY ENLARGING  
THE SAID TERRITORY

THE COUNTY COURT OF CABELL COUNTY, WEST VIRGINIA,  
will, on the 15th day of May, 1965, at 10:00 a.m. in the  
Courtroom thereof in the Court House of the said County at Huntington,  
West Virginia, hold a public hearing upon the question of revising,  
changing and enlarging the boundary line of Pea Ridge Public Service Dis-  
trict and the description of the territory to be added to the present Pea  
Ridge Public Service District is as follows:

Beginning at the Southeast Monel Park Public Service  
District Line where it strikes the Guyandotte River,  
then with the south side of the said Guyandotte River  
and with its meanderers in an easterly direction to  
the west line of the Pea Ridge Public Service District  
at Russell Creek; thence continuing with the westerly  
line of Pea Ridge Public Service District in a southerly  
direction to Campbell Park; thence in a westerly di-  
rection meandering along the north watershed to the  
east line of Monel Park Public Service District line;  
thence in a northerly direction with the easterly line  
of Monel Park Public Service District to the place of  
beginning.

Dated this 27th day of April, 1965.

*Keith E. Arthur*

Clerk of the County Court of  
Cabell County, West Virginia

A RESOLUTION AND ORDER REVISING, CHANGING AND ENLARGING  
THE BOUNDARY LINE OF PEA RIDGE PUBLIC SERVICE DISTRICT  
IN CABELL COUNTY, WEST VIRGINIA

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WHEREAS, the County Court of Cabell County, West Virginia, did heretofore by resolution and order adopt on the 27th day of April, 1965, a date for a public hearing on a petition by the Pea Ridge Public Service District to revise, change and enlarge the boundary line of Pea Ridge Public Service District in Cabell County, West Virginia, as set forth by that certain petition filed with the Clerk of the County Court of Cabell County, West Virginia, on the 21st day of April, 1965, and by the said resolution and order provide that all persons residing in or having any interest in property in the proposed territory to be annexed might appear before the County Court of Cabell County, West Virginia, on the 15th day of May, 1965, at 10:00 o'clock A. M. in the Courtroom thereof in the Court House of the said County of Cabell, at Huntington, West Virginia, and have the opportunity to be heard for and against the said petition; and

WHEREAS, notice of this hearing was duly given in the manner as provided and required by said resolution and order and by the Article 13-A of Chapter 16 of the West Virginia Code, and all interested persons had been offered an opportunity of being heard for and against the said petition; and

WHEREAS, the Pea Ridge Public Service District, by its chairman, Anthony Gebhardt, and its attorney, Edward H. Greene, proposed and moved the County Court that the petition be amended and that the territory to be annexed shall have the following described boundaries:

BEGINNING at the westerly line of the Pea Ridge Public Service District and the right-of-way line of I-64 and continuing along the right-of-way line of I-64 in a westerly direction to a point approximately 200 feet west of Cedar Crest Drive; thence in a northerly direction to a public alley between Norway Avenue and Cedar Crest

Drive; thence in a westerly direction along Rite Drive to Norway Avenue; thence crossing Norway Avenue north along the crest of the hill approximately 300 feet; thence in an easterly direction approximately 900 feet; thence in a northerly direction to Guyan River; thence in an easterly direction along Guyan River to the westerly boundary lines of the now existing Pea Ridge Public Service District, as shown on the attached map outlined in green; and

WHEREAS, Monel Park Public Service District has withdrawn its objections to the annexation; and

WHEREAS, the Court finds that there are no persons or public service districts now objection to the annexation; and

WHEREAS, it now deemed desirable by the County Court to adopt a resolution and order revising, changing and enlarging the boundary lines of the Pea Ridge Public Service District as heretofore described:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Cabell County, West Virginia, as follows:

Section 1. That the Pea Ridge Public Service District boundary line be revised, changed and enlarged as described as follows:

BEGINNING at the westerly line of the Pea Ridge Public Service District and the right-of-way line of I-64 and continuing along the right-of-way line of I-64 in a westerly direction to a point approximately 200 feet west of Cedar Crest Drive; thence in a northerly direction to a public alley between Norway Avenue and Cedar Crest Drive; thence in a westerly direction along Rite Drive to Norway Avenue; thence crossing Norway Avenue north along the crest of the hill approximately 300 feet; thence in an easterly direction approximately 900 feet; thence in a northerly direction to Guyan River; thence in an easterly direction along Guyan River to the westerly boundary lines of the now existing Pea Ridge Public Service District, as shown on the attached map outlined in green; and

Section 2. That the County Court of Cabell County, West Virginia, has determined that the territory to be incorporated in the Pea Ridge Public

Service District is within Cabell County, West Virginia, having the herein-  
above described boundaries is so situated that the construction and acquisition  
by purchase or otherwise and the maintenance, operation, improvement and ex-  
tension of sewage services within such territory by the said Public Service  
District is feasible and will be conducive to the preservation of the  
public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT ON THE 23rd  
DAY OF June, 1965.

ATTEST:

Faith J. Arthur  
Clerk

Edmund Humphrey  
President

Huntington, West Virginia

June 23, 1965

The County Court of Cabell County, West Virginia, met in regular session pursuant to law and to the rules of said Court at the County Court House, Cabell County, West Virginia, at 10:00 o'clock A. M. The meeting was called to order and the roll being called, there were present \_\_\_\_\_  
Fred Lunsford, President, presiding, and the following named Commissioners: Frank Black and Sam McConkey

Absent: None.

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The County Court then further discussed the petition of the Pea Ridge Public Service District to revise, change and enlarge its boundary lines and the Court noting that the public hearing was held on the 15th day of May, 1965, thereupon Frank Black introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER REVISING, CHANGING AND ENLARGING  
THE BOUNDARY LINES OF PEA RIDGE PUBLIC SERVICE DISTRICT,  
CABELL COUNTY, WEST VIRGINIA,"

and moved that all rules and otherwise requiring deferred consideration or several readings be suspended and the said proposed resolution and order be adopted. Sam McConkey seconded the motion and after due consideration the President put the question on the motion, and the roll being called, the following voted:

Aye: Fred Lunsford, Frank Black, and Sam McConkeyNay: None



Whereupon the President declared the motion duly carried and the said resolution and order duly adopted.

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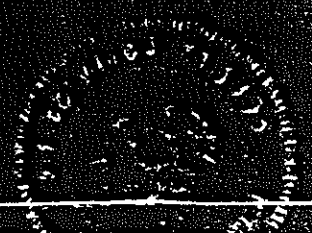
On motion and vote the meeting adjourned.



ATTEST:

Paul Kennedy  
President

Keith T. Butler  
Clerk





At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 28th day of August 1989, the following order was made and entered:

IN THE MATTER OF THE APPOINTMENT OF WILLIAM HUGHES AS COMMISSIONER TO THE PEA RIDGE PUBLIC SERVICE DISTRICT

The following resolution was offered by:

Forest Underwood, President

RESOLVED: That the County Commission of Cabell County West Virginia, do and it hereby does appoint William Hughes as Commissioner to the Pea Ridge Public Service District for a term beginning August 28, 1989 and ending August 28, 1994.

FURTHER RESOLVED: That the Clerk of the County Commission of Cabell County is hereby directed to send a Certified Copy of the Order to William Hughes, #3 Sierra Court, Huntington, West Virginia, 25705 and to the Pea Ridge Public Service District Office, P.O. Box 86, Barboursville, West Virginia, 25504.

The adoption of the foregoing resolution having been moved

by Robert L. Bailey, Commissioner and

duly seconded by Ted T. Barr, Commissioner

the vote thereon was as follows:

Forest Underwood, President	<u>aye</u>
Ted T. Barr, Commissioner	<u>aye</u>
Robert L. Bailey, Jr., Commissioner	<u>aye</u>

Whereupon, Forest Underwood, President, declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is hereby adopted.

Forest Underwood  
Forest Underwood, President

Ted T. Barr  
Ted T. Barr, Commissioner

Robert L. Bailey, Jr.  
Robert L. Bailey, Jr., Commissioner

State of West Virginia Cabell County Clerk's Office  
I, Herdil H. Gartin, Clerk of the said Court, do hereby  
certify that the foregoing is a true copy from the records  
of the office aforesaid.

Given under my hand and seal of the said Court,  
at Huntington, West Virginia, this 28 day of Aug, 1989.

Herdil H. Gartin  
HERDIL H. GARTIN, Clerk Cabell County

Shirley Dempsey

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 28th day of August 1989, the following order was made and entered:

IN THE MATTER OF THE APPOINTMENT OF RONALD B. SIZEMORE AS COMMISSIONER TO THE  
PEA RIDGE PUBLIC SERVICE DISTRICT

The following resolution was offered by:

Forest Underwood, President

RESOLVED: That the County Commission of Cabell County West Virginia, do and it hereby does appoint Ronald B. Sizemore as Commissioner to the Pea Ridge Public Service District for a term beginning August 28, 1989 and ending August 28, 1995,

FURTHER RESOLVED: That the Clerk of the County Commission of Cabell County is hereby directed to send a Certified Copy of the Order to Ronald B. Sizemore, 6031 Baker Road, Huntington, West Virginia, 25705 and to the Pea Ridge Public Service District Office, P.O. Box 86, Barboursville, West Virginia, 25504.

The adoption of the foregoing resolution having been moved

by Robert L. Bailey, Commissioner and

duly seconded by Ted T. Barr, Commissioner

the vote thereon was as follows:

Forest Underwood, President	aye
Ted T. Barr, Commissioner	aye
Robert L. Bailey, Jr., Commissioner	aye

Whereupon, Forest Underwood, President, declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is hereby adopted.

*Forest Underwood*

Forest Underwood, President

*Ted T. Barr*

Ted T. Barr, Commissioner

*Robert L. Bailey, Jr.*

Robert L. Bailey, Jr., Commissioner

I, \_\_\_\_\_, Clerk of Cabell County, West Virginia, do hereby certify that the foregoing is a true and correct copy of the original of the same as the same is on file in my office.

Huntington, West Virginia  
44  
90  
HERCIL H. GARTIN, Clerk, Cabell County  
By *Shirley Denney*



OATH OF OFFICE OF APPOINTIVE OFFICERS

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

I, William Hughes, who was on the 28th day of August, 1989, duly appointed by County Commission, of Cabell County, West Virginia and approved by said Commission of Cabell County, West Virginia, to the office of Pea Ridge PSD Commissioner, to serve at the will and pleasure of the said Commission, do solemnly swear I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my said office of Commissioner, to the best of my skill and judgment, so help me God.

Given under my hand and seal this the 7th day of June, 1990.

William C. Hughes  
(SEAL)

Taken, sworn to and subscribed before me, the undersigned authority in and for Cabell County, West Virginia, by Hercil H. Gartin, County Clerk, this the 7th, day of June, 1990.

State of West Virginia, Cabell County Clerk's Office  
I, Hercil H. Gartin, Clerk of the said Court, do hereby certify that the foregoing is a true copy from the record of my office.

Given under my hand and seal of the said Court, at Huntington, West Virginia, this 7th day of June, 1990.

HERCIL H. GARTIN, Clerk, Cabell County Court  
By [Signature] Deputy

Hercil H. Gartin  
County Clerk, Cabell County

OATH OF OFFICE OF APPOINTIVE OFFICERS

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

I, Ronald B. Sizemore, who was on the 28th day of August, 1989, duly appointed by County Commission, of Cabell County, West Virginia and approved by said Commission of Cabell County, West Virginia, to the office of Pea Ridge PSD Commissioner, to serve at the will and pleasure of the said Commission, do solemnly swear I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my said office of Commissioner, to the best of my skill and judgment, so help me God.

Given under my hand and seal this the 7th day of June, 1990.

Ronald B. Sizemore (SEAL)

Taken, sworn to and subscribed before me, the undersigned authority in and for Cabell County, West Virginia, by Hercil H. Gartin, County Clerk, this the 7th, day of June, 19 90.

State of West Virginia, Cabell County Clerk's Office  
I, Hercil H. Gartin, Clerk of the said Court, do hereby certify that the foregoing is a true copy from the record of my office aforesaid.

Given under my hand and seal of the said Court, at Huntington, West Virginia, this 7th day of June, 19 90.

HERCIL H. GARTIN, Clerk, Cabell County Court  
By [Signature] Deputy

Hercil H. Gartin  
County Clerk, Cabell County





NOTICE is hereby given that Pea Ridge Public Service District, hereinafter "District", a public utility, with pre file with the Public Service Commission of West Virginia on September 17, 1991, its plans and supporting information for the projects described hereinafter in furnishing sewer service to 1,500 customers in the County of Cabell, State of West Virginia.

The District shall borrow an amount not to exceed \$1,400,000.00 at an interest rate not to exceed 12 percent for a period not to exceed 20 years.

The District will acquire or construct the following improvements:

(a) "A" Plant facility: Addition of one aeration basin 211,500 gallon capacity; addition of one circular (36 feet diameter) clarifier; addition of one grit washing conveyor. The present wastewater treatment capacity of "A" Plant is 0.437 millions gallons per day. The anticipated future wastewater treatment capacity of "A" Plant will be 0.83 million gallons per day.

(b) "B" Plant facility: Addition of one aeration basin 91,000 gallons capacity; addition of one rectangular (25' x 16') clarifier; the addition of one grit washing conveyor. The present wastewater treatment capacity of "B" Plant is 0.27 million gallons per day. The anticipated future wastewater treatment capacity of "B" Plant will be 0.36 million gallons per day.

(c) Installation of new sewage pumps, piping and valves at five (5) existing lift stations; rehabilitation of existing wet wells and dry wells at the five (5) lift stations; installation of fencing around five (5) lift stations.

(d) Construction of administration, maintenance, and storage building at "A" Plant. The estimated cost of foregoing improvements is \$1,400,000.00.

The estimated anticipated rate to be charged for users of the sewer system is not to exceed the following:

Applicable in entire territory served. Availability of Service. Available for sanitary sewer service. Rate (Based upon the metered amount of water used).

First 300 cubic feet per month - \$3.71 per 100 cubic feet. Next 400 cubic feet per month - \$3.57 per 100 cubic feet. Next 3,300 cubic feet per month - \$3.11 per 100 cubic feet. Next 16,000 cubic feet per month - \$2.15 per 100 cubic feet.

Minimum Charge. No bill will be rendered for less than the following amount: Eleven Dollars Thirteen Cents (\$11.13) per month.

Delayed Payment Penalty.

On all accounts not paid in full within twenty (20) days of the date of the billing, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and only to be collected once for each bill where it is appropriate.

Tap Fee.

\$150.00 Water Disconnect - Reconnect Fee.

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged.

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bill is reconnected, a fee of \$20.00 shall be charged.

The District will submit its formal application for a certificate of public convenience and necessity to the Public Service Commission on November 15, 1991.

A complete copy of the current and proposed tariffs, as well as a representative of the District to provide any information requested concerning the same, are available to all customers, prospective customers or their agents at the following office of the District:

PEA RIDGE PUBLIC SERVICE DISTRICT  
500 NOVA STREET  
BARBOURSVILLE,  
WEST VIRGINIA 25904

A copy of the current tariff and proposed tariff are also available for

## AFFIDAVIT OF PUBLICATION

### STATE OF WEST VIRGINIA, COUNTY OF CABELL, TO-WIT:

I, Dianna Webb being first duly sworn, depose and say that I am Legal Clerk for Huntington Publishing Company, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, a independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH-1362 was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 10th day of Sept. , 1991, and ending with the issue of the 17th day of Sept. , 1991, and was posted at the East Door of Cabell Co. Courthouse

on the 0th day of Sept. , 1991; that said legal advertisement was published on the following dates: September 10, 17, 1991

; that the cost of publishing said annexed advertisement as aforesaid was \$155.41; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and

that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Taken, subscribed and sworn to before me in my said county this 17th day of September, 1991.  
My commission expires 12/31/1991

Notary Public  
Cabell County,  
West Virginia

10M Form A - 135 (8/78)



RULES OF PROCEDURE

PEA RIDGE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: PEA RIDGE PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at the Sewage Treatment Plant, in Barboursville, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Pea Ridge Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Cabell County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for

such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

#### ARTICLE IV

##### MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the \_\_\_\_\_ of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

##### PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the

front door of the Cabell County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Cabell County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

PEA RIDGE PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Pea Ridge Public Service District will meet in special session on \_\_\_\_\_, at \_\_\_\_\_ .m., prevailing time, at \_\_\_\_\_, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a \_\_\_\_\_ Bond, Series \_\_\_\_\_, of the District, in the principal amount of \$ \_\_\_\_\_, to provide funds for construction of \_\_\_\_\_ facilities of the District.

2.

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

3.

## ARTICLE V

### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper

receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

06/11/90  
PRJ.CC1  
69258/86001





PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING  
AND ON ADOPTION OF BOND AND NOTES  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, WILLIAM W. HUGHES, SECRETARY of the Public Service Board of Pea Ridge Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

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The Public Service Board of Pea Ridge Public Service District met in regular session, pursuant to notice duly posted, on the 21st day of December, 1992, in Barboursville, West Virginia, at the hour of 4:30 p.m.

PRESENT: Ronald B. Sizemore - Chairman  
William W. Hughes - Secretary/Treasurer

ABSENT: None.

Ronald B. Sizemore, Chairman, presided, and William W. Hughes, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. The Chairman stated that because of the resignation of Verlin Abbott as a member of the Public Service Board, new officers should be elected. Thereupon, the following people were nominated and elected to the following offices:

Ronald B. Sizemore - Chairman  
William W. Hughes - Secretary/Treasurer

Next, the Chairman presented a proposed Bond and Notes Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND  
CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO  
THE EXISTING PUBLIC SEWERAGE FACILITIES OF  
PEA RIDGE PUBLIC SERVICE DISTRICT AND THE  
FINANCING OF THE COST, NOT OTHERWISE PROVIDED,

THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND AUTHORIZING OR RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Ronald B. Sizemore, seconded by William W. Hughes, it was unanimously ordered that the said Bond and Notes Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), OF PEA RIDGE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Ronald B. Sizemore, seconded by William W. Hughes, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

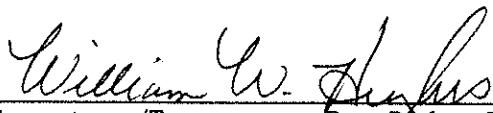
Ronald B. Sizemore  
Chairman

William W. Hughes  
Secretary/Treasurer

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 28th day of December, 1992.

  
Secretary/Treasurer, Pea Ridge Public  
Service District, Public Service Board

12/22/92  
PEAC.N3  
69258/92001



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 31, 1992

Pea Ridge Public Service District  
Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

715 CHARLESTON NATIONAL PLAZA  
P. O. BOX 1588  
CHARLESTON, W. VA. 25326-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1816  
MORGANTOWN, W. VA. 26507-1816  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25401-5429  
(304) 263-6991  
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 725-1414  
FACSIMILE (304) 725-1913

THE BRYAN CENTRE  
62 WEST WASHINGTON STREET, SUITE 401  
HAGERSTOWN, MARYLAND 21740-1804  
(301) 791-6620  
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service  
Internal Revenue Service Center  
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

*Step toe & Johnson*

STEPTOE & JOHNSON

Enclosure

Copy of letter with enclosure to:

Samme L. Gee, Esquire

Ronald J. Flora, Esquire

8038.L01

69258/92001

**Information Return for Tax-Exempt Governmental Obligations**

► Under Section 149(e)

► See separate instructions

(Use Form 8038-GC if the issue price is under \$100,000)

OMB No. 1545-0720

Expires 5-31-92

**Part I Reporting Authority**Check box if Amended Return ☐

1 Issuer's name <u>Pea Ridge Public Service District</u>	2 Issuer's employer identification number <u>55-0481201</u>
3 Number and street <u>P. O. Box 86</u>	4 Report number <u>G19 92 - 1</u>
5 City or town, state, and ZIP code <u>Barboursville, West Virginia 25504</u>	6 Date of issue <u>12/28/92</u>
7 Name of issue <u>Pea Ridge Public Service District, Sewer Revenue Bonds, Series 1992</u>	8 CUSIP Number <u>N/A</u>

**Part II Type of Issue (check box(es) that applies and enter the Issue Price)**

9 Check box if obligations are tax or other revenue anticipation bonds ► <input type="checkbox"/>	Issue price \$ <u>1,250,000</u>
10 Check box if obligations are in the form of a lease or installment sale ► <input type="checkbox"/>	
11 <input type="checkbox"/> Education	
12 <input type="checkbox"/> Health and hospital	
13 <input type="checkbox"/> Transportation	
14 <input type="checkbox"/> Public safety	
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	
16 <input type="checkbox"/> Housing	
17 <input type="checkbox"/> Utilities	
18 <input type="checkbox"/> Other. Describe (see instructions) ►	

**Part III Description of Obligations**

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	<u>12/1/2013</u>	<u>3%</u>	<u>\$20,000</u>	<u>\$20,000</u>			
20 Entire issue			<u>\$1,250,000</u>	<u>\$1,250,000</u>	<u>11.171 years</u>	<u>3.01125%</u>	<u>3</u>

**Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)**

21 Proceeds used for accrued interest	21	<u>-0-</u>
22 Issue price of entire issue (enter line 20c)	22	<u>1,250,000</u>
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	<u>14,000</u>
24 Proceeds used for credit enhancement	24	<u>-0-</u>
25 Proceeds allocated to reasonably required reserve or replacement fund	25	<u>-0-</u>
26 Proceeds used to refund prior issues	26	<u>-0-</u>
27 Total (add lines 23, 24, 25, and 26)	27	<u>14,000</u>
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	<u>1,236,000</u>

**Part V Description of Refunded Bonds (complete this part only for refunding bonds)** N/A

29 Enter the remaining weighted average maturity of the bonds to be refunded	►	_____ years
30 Enter the last date on which the refunded bonds will be called	►	_____
31 Enter the date(s) the refunded bonds were issued	►	_____

**Part VI Miscellaneous**

32 Enter the amount of the state volume cap allocated to the issue	►	<u>-0-</u>
33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception)	►	<u>-0-</u>
34 Pooled financings:		
a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	►	<u>-0-</u>
b Check box if this issue is a loan made from the proceeds of another tax-exempt issue <input type="checkbox"/> and enter the name of the issuer	►	_____ and the date of the issue ►

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Please  
Sign  
Here


Signature of officer

December 28, 1992

Date

Ronald B. Sizemore, Chairman

Type or print name and title

For Paperwork Reduction Act Notice, see page 1 of the instructions.





WV MUNICIPAL BOND COMMISSION  
Suite 337 Building 3  
1800 Washington St. E  
State Capitol Complex  
Charleston, WV 25305  
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: December 28, 1992

(See Reverse for Instructions)

ISSUE: PEA RIDGE PUBLIC SERVICE DISTRICT, Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program)

ADDRESS: P. O. Box 86, Barboursville, West Virginia 25504 COUNTY: Cabell

PURPOSE New Money X

OF ISSUE: Refunding        Refunds issue(s) dated:       

ISSUE DATE: December 28, 1992

CLOSING DATE: December 28, 1992

ISSUE AMOUNT: \$1,250,000

RATE: 3%

1st DEBT SERVICE DUE: 3/1/94

1st PRINCIPAL DUE: 3/1/94

1st DEBT SERVICE AMOUNT: \$19,375

PAYING AGENT: Municipal Bond Commission

**ISSUERS**

BOND COUNSEL: Steptoe & Johnson

**UNDERWRITERS**

BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq. Contact Person: Samme L. Gee, Esq.

Phone: 624-8161

Phone: 340-1318

CLOSING BANK: The First State Bank

ESCROW TRUSTEE:       

Contact Person: Jeanne Vallandingham

Contact Person:       

Phone: 736-5271

Phone:       

**KNOWLEDGEABLE ISSUER CONTACT**

OTHER:       

Contact Person: Ronald B. Sizemore

Contact Person:       

Position: Chairman

Function:       

Phone: 736-6711

Phone:       

**DEPOSITS TO MBC AT CLOSE:**

By        Wire  
       Check

Accrued Interest:       

Capitalized Interest:       

Reserve Account:       

Other:       

\$       

\$       

\$       

\$       

**REFUNDS & TRANSFERS BY MBC AT CLOSE:**

By        Wire  
       Check  
       IGT

To Escrow Trustee:       

To Issuer:       

To Cons. Invest. Fund:       

To Other:       

\$       

\$       

\$       

\$       

**NOTES:**

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS

REQUIRED:       

TRANSFERS

REQUIRED:



PEA RIDGE PUBLIC SERVICE DISTRICT

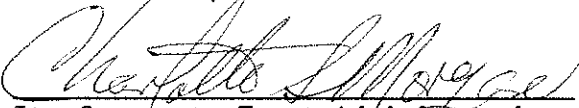
Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Pea Ridge Public Service District Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), dated December 28, 1992, in the principal amount of \$1,250,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

Dated this 28th day of December, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By   
Its Corporate Trust Administrative  
Officer

12/16/92  
PEAC.02  
69258/92001



PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

THE FIRST STATE BANK, a state banking association, with its principal office in Barboursville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution and a Supplemental Resolution of Pea Ridge Public Service District (the "Issuer"), both adopted December 21, 1992 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), dated December 28, 1992, in the principal amount of \$1,250,000 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

Dated this 28th day of December, 1992.

THE FIRST STATE BANK

By Joanne P. Chillingham  
Its Corporate Secretary

12/16/92  
PEAC.P2  
69258/92001



PEA RIDGE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1992  
(West Virginia SRF Program)

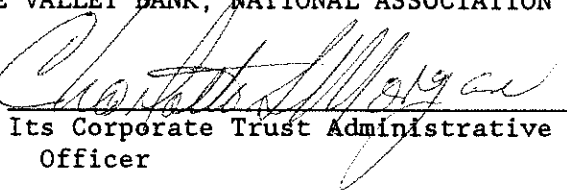
CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), of Pea Ridge Public Service District (the "Issuer"), hereby certify that on the 28th day of December, 1992, the single fully registered Series 1992 Bond of the Issuer, in the principal amount of \$1,250,000, designated "Sewer Revenue Bond, Series 1992 (West Virginia SRF Program)," numbered R-1, is registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 28th day of December, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By

  
Its Corporate Trust Administrative  
Officer

12/16/92  
PEAC.Q2  
69258/92001





### REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of December, 1992, by and between PEA RIDGE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,250,000 Sewer Revenue Bonds, Series 1992 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond and Notes Resolution adopted December 21, 1992, and a Supplemental Resolution adopted December 21, 1992 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory

bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Pea Ridge Public Service District  
Barboursville, West Virginia 25504  
Attention: Chairman

REGISTRAR: One Valley Bank, National Association  
Post Office Box 1793  
One Valley Square  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, PEA RIDGE PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

PEA RIDGE PUBLIC SERVICE DISTRICT

By Ronald B. Sizmore  
Its Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlette L. Morgan  
Its Corporate Trust Administrative  
Officer

12/16/92  
PEAC.R2  
69258/92001

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

# Invoice

ONE VALLEY  
BANK

PEA RIDGE PUBLIC SERVICE DISTRICT

DATE DECEMBER 28, 1992

UNITS	ITEM DESCRIPTION	TOTAL
	PEA RIDGE PUBLIC SERVICE DISTRICT - STATE REVOLVING FUND LOAN 1992 REVENUE BOND	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	\$500.00

SEND REMITTANCE TO: One Valley Bank  
One Valley Square  
P.O. Box 1793  
Charleston, WV 25326

Attn: CHARLOTTE S MORGAN



**PEA RIDGE PUBLIC SERVICE DISTRICT**  
**SEWER REFUNDING REVENUE BONDS, SERIES 1990**

**BOND RESOLUTION**

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PEA RIDGE PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING SEWERAGE SYSTEM OF PEA RIDGE PUBLIC SERVICE DISTRICT, THE REFUNDING OF THE DISTRICT'S OUTSTANDING SEWER REVENUE BONDS, DATED DECEMBER 1, 1964, AND OTHER SEWERAGE SYSTEM OBLIGATIONS OF THE DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 1990, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$2,700,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING, TO PAY A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF SUCH ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE SEWERAGE SYSTEM OF THE DISTRICT AND TO PAY COSTS IN CONNECTION WITH SUCH REFUNDING AND THE ISSUANCE OF SUCH BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS RELATING TO THE ISSUANCE OF THE BONDS AND EFFECTING SUCH REFUNDING; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, Pea Ridge Public Service District (the "Issuer") in Cabell County, West Virginia presently owns and operates a public sanitary sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of bonds or other obligations of which there are presently Outstanding the following:

(i) Sewer Revenue Bonds, dated December 1, 1964, originally issued in the aggregate principal amount of \$1,100,000, of which \$646,000 is presently Outstanding (the "1964 Bonds"); and

(ii) Four bank loans, evidenced by bonds or notes of the Issuer, made at various times and presently outstanding in the aggregate principal amount of \$323,169.13 (the "Bank Loans").

WHEREAS, the 1964 Bonds and the Bank Loans (collectively, the "Prior Bonds") were issued pursuant to resolutions of the Issuer

adopted on March 16, 1965 with respect to the 1964 Bonds (the "1964 Resolution") and at various times with respect to the Bank Loans (collectively, the "Bank Loan Resolution") (such resolutions collectively herein called the "Prior Resolution");

WHEREAS, the 1964 Bonds are held by the public and are in bearer form and the Bank Loans are held by The First State Bank, Barboursville, West Virginia;

WHEREAS, under the provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized and empowered to construct, acquire and operate additions, betterments and improvements for the System and to refund, pay or discharge all or any portion of the Prior Bonds and to issue refunding revenue bonds to finance the same;

WHEREAS, the Issuer is advised that by refunding the Prior Bonds, certain covenants, conditions, restrictions and limitations imposed upon the System by the Prior Resolution which are obsolete and unnecessarily restrictive will be eliminated, and hereby determines that it would therefore be to the benefit of the Issuer and its residents to refund the Prior Bonds in the manner set forth herein and in the Escrow Agreement, as hereinafter defined, with a portion of the proceeds of the issuance of a series of bonds to be designated "Pea Ridge Public Service District Sewer Refunding Revenue Bonds, Series 1990" (the "Series 1990 Bonds"), such Series 1990 Bonds to be secured by and payable from the Net Revenues of the System hereinafter described, and containing such other terms and provisions as are hereinafter provided;

WHEREAS, the Issuer has determined that it is necessary and in the best interests of the residents of Pea Ridge Public Service District that there be acquired and constructed certain additions, betterments and improvements for the System, consisting of improvements and upgrading of two sewage treatment plants, demolition of an obsolete sewage treatment plant, new lift stations, force mains, transportation lines, and all necessary appurtenances (the "Project") and to finance such acquisition and construction in part with a portion of the proceeds of the Series 1990 Bonds;

WHEREAS, the Bank Loans and all interest accrued thereon will be paid in full concurrently with the issuance and delivery of the Series 1990 Bonds; the 1964 Bonds will be defeased upon deposit

and investment of proceeds of the Series 1990 Bonds in the Escrow Fund; and the Series 1990 Bonds will therefore be first lien bonds; and

WHEREAS, the Issuer now desires to authorize the acquisition and construction of the Project and the refunding of the Prior Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 1990 Bonds as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PEA RIDGE PUBLIC SERVICE DISTRICT:

## ARTICLE I

### DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 1990 Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

"Bank Loans" means the \$323,169.13 aggregate outstanding principal amount of obligations of the Issuer dated various dates and all held by The First State Bank, Barboursville, West Virginia, all of which, together with interest accrued thereon, will be paid in full concurrently with issuance of the Series 1990 Bonds.

"Bond Commission" or "Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Bond Commission.

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Governing Body, and shall initially mean Steptoe & Johnson, Clarksburg, West Virginia.

"Bondholder," "Holder of the Bonds," "Registered Owner," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding fully registered Bond.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bond Year" means the 12 month period beginning on May 2 and ending on May 1 of each year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 1990 Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"1964 Bonds" means the Issuer's Sewer Revenue Bonds, dated December 1, 1964, originally issued in the aggregate principal amount of \$1,100,000, of which \$646,000 remains Outstanding as of the date of adoption of this Resolution, and which will be defeased in full upon issuance of the Series 1990 Bonds.

"Business Day" means any day other than a Saturday, Sunday or a day on which the Insurance Trustee is authorized by law to remain closed.

"Capitalized Interest Account" means the Capitalized Interest Account in the Sinking Fund created by Section 4.02, hereof.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 1990 Bonds, in substantially the form set forth in Exhibit A hereto.

"Chairman" means the Chairman of the Governing Body of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 1990 Bonds by the Issuer for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Connection Fees" means the fees, if any, paid by customers of the System in order to connect thereto.

"Construction Fund" means the Construction Fund created by Section 4.01 hereof.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or any portion thereof.



"Costs," "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Prior Bonds and acquisition and construction of the Project, including the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for not more than 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Account; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, fiscal agent fees and expenses, underwriter's discount, initial fees for the services of registrars, paying agents, depositories, trustees or escrow trustees, or other costs in connection with the sale of the Bonds and refunding of the Prior Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Debt Service," means, with respect to the Bonds and matters pertaining to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period, and otherwise means, with reference to a specified period, the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period. To the extent not inconsistent with applicable law, if Debt Service is to be calculated with respect to Bonds bearing an adjustable rate of interest, or a fixed rate of interest for less than the remaining maturity on the Bonds, the interest for any future period shall be assumed to be equal to the interest which would have been paid for such period assuming that such Bonds had borne interest at the fixed rate that, in the opinion of a nationally recognized investment banking firm, would have been the rate of interest the Bonds would have borne if they had been issued as long-term fixed rate Bonds on the date of issuance of the such Bonds.

"Defeasance Obligations" means cash or noncallable Government Obligations.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and a member of FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"Depreciation Fund" means the Depreciation Fund created by Section 4.01 hereof.

"District" or "Issuer" means Pea Ridge Public Service District, a public corporation and political subdivision of the State of West Virginia, and, where appropriate, the Public Service Board, and any successor thereto.

"DTC-eligible" means, with respect to the Series 1990 Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"EPA Grant" means the grant from the United States Environmental Protection Agency pursuant to the commitment therefor.

"Escrow Agreement" means the agreement to be entered into between the Issuer, the Bond Commission and the Escrow Trustee, providing for the defeasance and ultimate payment of the 1964 Bonds, the disposition of moneys in the various funds and accounts under the 1964 Resolution, and matters in connection therewith, the form of which shall be approved by Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established by the Escrow Agreement.

"Escrow Trustee" means the escrow trustee under the Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

"Event of Default" means any occurrence or event specified in Section 7.01 hereof.

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body," "Board" or "Public Service Board" means the public service board of the Issuer, as may hereafter be constituted.

"Government Obligations" means direct and general obligations of (including obligations issued or held in book-entry form on the books of) the Department of Treasury of the United States of America.

"Gross Revenues" or "Revenues" means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any gains from the sale or other disposition of, capital assets, but does not include any increase in the value of, capital assets (including Qualified Investments).

"Independent Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Issuer" means Pea Ridge Public Service District, in Cabell County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 1990 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1990 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"OECD" means the Organization for Economic Cooperation and Development.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project

relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Registrar, Paying Agent or Paying Agents, and Depository Bank payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Prior Bonds or the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund created by Section 4.01 hereof.

"Original Purchaser" means Raymond, James & Associates, Inc., St. Petersburg, Florida, as the purchasers of the Series 1990 Bonds directly from the Issuer, or such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 1990 Bonds directly from the Issuer, as determined by Supplemental Resolution; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 1990 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said Supplemental Resolution to be adopted by the Public Service Board at the time of approval of such sale of said Series 1990 Bonds.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond cancelled by the Registrar for such Bond or Prior Bond at or prior to said date; (b) any Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond or Prior Bond registered to the Issuer or, if coupon Prior Bonds, held by the Issuer.

"Paying Agent" means the Registrar and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" shall have the meaning set forth in the premises hereof, and shall include the coupons appertaining thereto, if any.

"Prior Resolution" shall have the meaning set forth in the recitals hereto.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition and construction of certain additions, betterments and improvements for the System, consisting of improvements and upgrading of two sewage treatment plants, demolition of an obsolete sewage treatment plant, new lift stations, force mains, transportation lines, and all necessary appurtenances.

"Public Service Board" shall mean the Public Service Board of the Issuer and shall be synonymous with the terms, "Governing Body" and "Board."

"Qualified Bank" means a banking institution organized under the laws of the United States or any state thereof, or any foreign banking institution (or branch thereof) that is organized under the laws of a country that is a member of the OECD.

"Qualified Investments" means and includes any of the following:

(1) Government Obligations.

(2) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

(a) Export-Import Bank,

(b) Farmers Home Administration,

- (c) General Services Administration,
- (d) United States Maritime Administration,
- (e) Small Business Administration,
- (f) Government National Mortgage Association (GNMA),
- (g) United States Department of Housing & Urban Development (PHA's),
- (h) Federal Housing Administration.

(3) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAAM; or AAM;

(4) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A-1 or better by S&P and P-1 by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(5) Certificates of deposit, savings accounts, deposits accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;

(6) Investment agreements, including guaranteed investment contracts;

(7) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(8) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(9) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(10) Repurchase agreements, the maturity of which are 30 days or less, entered into with (1) a Qualified Bank or (2) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation ("SIPC"); such repurchase agreement must be continuously and fully secured by first perfected security interests in obligations of the type described in clause (1) or (2) above which have a fair market value, exclusive of accrued interest, at least equal to 103% of the amount invested in the repurchase agreement and which are held by the Depository Bank or its agent or, in the case of book-entry securities, are registered in the name of the Depository Bank as pledgee and are free and clear of any adverse claims, must be valued weekly and marked-to-market at current market price, plus accrued interest, and must be a legal investment under the laws of the State; and

(11) State pooled investment funds.

"Rebate Fund" means the Rebate Fund created by Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated or defined in the Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Account" means the Redemption Account created in the Sinking Fund by Section 4.02 hereof.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registered Owner," "Bondholder," "Holder" or any similar term means, whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954, as amended.

"Reserve Account" means the Reserve Account created in the Sinking Fund by Section 4.02 hereof.

"Reserve Account Requirement" means, as of any date of calculation, the maximum amount of Debt Service that will come due on the Bonds in any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption, provided that such amount shall not exceed ten percent of the face amount of the Bonds.

"Resolution," regardless of whether preceded by the article "the" or "this," means this Resolution, as it may hereafter from time to time be amended or supplemented.

"Revenue Fund" means the Revenue Fund created by Section 4.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1990 Bonds" means the Sewer Refunding Revenue Bonds, Series 1990, of the Issuer, originally authorized to be issued pursuant to this Resolution and the Supplemental Resolution.

"Sinking Fund" means the Sinking Fund created by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1990 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means, collectively, the complete existing municipal sewerage system of the Issuer, consisting of a sewage treatment plant, collection and transportation lines and lift stations, now owned by the Issuer or any integral part thereof, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public sewerage system, and



shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said public sewerage system from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found and determined as follows:

A. The Issuer is a public corporation and political subdivision of the State of West Virginia in Cabell County of said State.

B. The Issuer now owns and operates the System, the acquisition and construction of which has been financed in part by the proceeds of the Prior Bonds.

C. It is necessary, convenient and in the public interest that the Issuer construct and acquire the Project in accordance with, and as more particularly described in, the plans and specifications therefor prepared by the Consulting Engineer and now on file with the Secretary; and such acquisition and construction are hereby ordered to be commenced as promptly as feasible.

D. The period of usefulness of the System after completion of the Project is not less than 40 years.

E. The estimated construction cost of the Project is \$2,642,430. The cost of the Project will be financed in part with the proceeds of the EPA Grant, and in part with proceeds of the Series 1990 Bonds.

F. The Issuer intends to issue the Series 1990 Bonds and to pledge for payment thereof, the Net Revenues of the System.

G. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon refunding the Prior Bonds, to provide for the repair, maintenance and operation of the System, the payment of interest upon all bonds issued pursuant to the Act and to create a sinking fund, as hereinafter provided, to pay the principal of and interest on the Bonds as and when due and to establish reasonable reserves therefor, to provide an adequate depreciation fund, as hereinafter provided, and to make all other payments provided for in this Resolution.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1990 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia the approval of rates and charges for the System and approval of the issuance of the Series 1990 Bonds, all by final order, the time for rehearing and appeal of which has expired.

I. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 1990 Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 1990 Bonds do not show a net present value saving to the Issuer after deducting all expenses of refunding the Prior Bonds and the costs of issuing the Series 1990 Bonds; however, one of the purposes of issuing the Series 1990 Bonds is to effect the release, termination or modification of liens, restrictions, conditions or limitations imposed in connection with the Prior Bonds.

J. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 1990 Bonds and secure the Series 1990 Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the moneys and securities in the Reserve Account, unexpended proceeds of the Series 1990 Bonds and as further set forth herein.

K. The Series 1990 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in Exhibit A attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

L. All things necessary to make the Series 1990 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 1990 Bonds, will be timely done and duly performed.

M. The adoption of this Resolution, and the execution and issuance of the Series 1990 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF PRIOR BONDS

#### Section 2.01. Authorization of Refunding of Prior Bonds.

A. All Bank Loans are hereby ordered to be refunded, and together with interest accrued thereon, to be paid simultaneously with the delivery of the Series 1990 Bonds to the Original Purchaser on the Closing Date. The pledges of revenues in favor of the Holders of such refunded Prior Bonds imposed by the Bank Loan Resolution, the moneys in the funds and accounts created by the Bank Loan Resolution, if any, and any other funds pledged by the Bank Loan Resolution thereto are hereby ordered terminated, discharged and released upon payment of such Bank Loans as aforesaid.

B. All 1964 Bonds Outstanding as of the date of issuance of the Series 1990 Bonds in the aggregate principal amount of \$646,000 are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement. The pledge of Revenues in favor of the Holders of the 1964 Bonds imposed by the 1964 Resolution, the moneys in the funds and accounts created by the 1964 Resolution and any other funds pledged by the 1964 Resolution thereto are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 1990 Bonds, together with other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Trustee charges to become due and payable in connection with the 1964 Bonds and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of, and interest on such 1964 Bonds as the same become due, to the final maturity date thereof (being December 1, 2004), all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Series 1990 Bond proceeds into the Escrow Fund, the amount on deposit in the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the 1964 Bonds shall be deposited in the Construction Fund and applied to payment of Costs of the Project.

Section 2.02. Authorization of Acquisition and Construction of Project. There is hereby authorized the construction and acquisition of the Project, at an estimated construction cost of \$2,642,430, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Secretary. A portion of the proceeds of the Series 1990

Bonds hereby authorized shall be applied to payment of the Costs of the Project and as provided in the Supplemental Resolution and Article III hereof, respectively.

### ARTICLE III

#### THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 1990 Bonds, as hereinafter provided, may be issued as fully registered Bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof for any year of maturity, subject to applicable law. The Bonds shall be dated as of the date provided in a Supplemental Resolution and shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. The interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of \$500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds

shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No fully registered Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference with respect to the Series 1990 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such fully registered Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds.

Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another fully registered Bond or fully registered Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of fully registered Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such transfer or exchange shall forthwith be cancelled by the Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange, and such tax, fee or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in the discretion of the Governing Body, and the Registrar shall authenticate, register and deliver a new Bond of like series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and cancelled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being



indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Net Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Resolution, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to the Series 1990 Bonds shall be set forth in the Supplemental Resolution.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory redemption date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and cancelled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory redemption date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and

stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Redemption Account payment designated to be made in accordance with paragraph A of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of \$5,000.

Section 3.07. Notice of Redemption. A. Whenever redemption of Bonds is authorized or required pursuant to this Resolution, the Registrar shall give notice, in the name of the Issuer, of the redemption of such Bonds, which notice shall specify the series and maturities and interest rates within maturities, if any, of the Bonds to be redeemed, the date of issue of such Bonds as originally issued, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like series, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, the CUSIP numbers of such Bonds to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after

such date interest thereon shall cease to accrue and be payable. Except as may be otherwise set forth with respect to a series of Bonds in the supplemental resolution authorizing such series, such notice shall be mailed by the Registrar, by first class mail, or in the case of a registered owner of \$500,000 or more in principal amount of the Bonds, by registered or certified mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owners of any Bonds (including Bonds registrable only as to principal) or portions of Bonds which are to be redeemed, at their last addresses appearing upon the registry books at the close of business on the last business day of the month preceding the month for which notice is mailed. In the event that any Series of Bonds is issuable in coupon form, such notice shall also be published in the manner set forth in the supplemental resolution authorizing the issuance of such series. Notice of redemption having been given as aforesaid, the Bonds or portions thereof to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified. If on the date of redemption moneys for the redemption of the Bonds or portions thereof to be redeemed, together with interest to the date of redemption, shall be held by the Registrar so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date of redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date of redemption, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. Failure of the Registered Owner of any Bonds which are to be redeemed to receive any such notice or any defect in the mailing thereof, shall not affect the validity of the proceedings for the redemption of Bonds.

B. In addition to the foregoing notice, further notice in the form described in Section 3.07A shall be sent by the Registrar at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comparable the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Financial Information, Inc.'s Financial Daily Called Bond Service, Kenny Information Service's Called Bond Service, Moody's Municipal and Government Called Bond Service and Standard & Poor's Called Bond Record), but no defect in said further notice nor any failure to give all or any portion of

such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in Section 3.07A.

C. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 3.08. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 3.07, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, if any. If there shall be selected for redemption less than the entire principal amount of a Bond, the Issuer shall execute and deliver or cause to be executed and delivered, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series and maturity in any authorized denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 3.09. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond, is registered as the Owner of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and (except as provided in Section 10.02) for all other purposes, whether or not such Bond is overdue.

Section 3.10. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions,

and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.11. Issuance of Series 1990 Bonds. For the purposes of refunding all of the outstanding Prior Bonds of the Issuer, paying a portion of the Costs of the Project, funding the Reserve Account and the Capitalized Interest Account and paying costs in connection therewith, there shall be issued the Series 1990 Bonds of the Issuer, in an aggregate principal amount of not more than \$2,700,000. Said Series 1990 Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 1990" and shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1990 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1990 Bonds shall be numbered from R-1 consecutively upward. The Series 1990 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.12. Delivery of Series 1990 Bonds. The Issuer shall execute and deliver the Series 1990 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 1990 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A copy of this Resolution, as supplemented, authorizing issuance of the Series 1990 Bonds, certified by the Secretary of the Issuer;

(B) A list of the names in which the Series 1990 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(C) A request, order or authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer,

to authenticate, register and deliver the Series 1990 Bonds to the Original Purchaser;

(D) The unqualified approving opinion upon the Series 1990 Bonds by Bond Counsel; and

(E) Such additional opinions, certificates, proceedings, instruments and other documents as Bond Counsel or the Original Purchaser may reasonably request.

Section 3.13. Form of Series 1990 Bonds. The Series 1990 Bonds shall be substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution or the Supplemental Resolution or as are deemed necessary by the Registrar and the Issuer, including, without limitation, any variations necessary to render the Series 1990 Bonds DTC-eligible.

Section 3.14. Bonds Secured by Pledge of Net Revenues. The payment of the principal of, premium, if any, and interest on the Series 1990 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of, premium, if any, and interest on and other payments for the Series 1990 Bonds and to make the payments into the Sinking Fund, the Reserve Accounts therein, and the Depreciation Fund, are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the same becomes due.

Section 3.15. Disposition of Proceeds of Series 1990 Bonds. Upon the issuance and delivery of the Series 1990 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 1990 Bonds from the date thereof to the date of delivery thereof shall be remitted to the Bond Commission for deposit in the Capitalized Interest Account in the Sinking Fund and applied to payment of interest on the Series 1990 Bonds on the first interest payment date thereof.

B. The amount of the Series 1990 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, if any, shall be sufficient to accomplish the refunding and defeasance of the 1964 Bonds (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

C. The amount of the Series 1990 Bond proceeds which, together with other moneys of the issuer are sufficient therefor, shall be applied to payment in full of the principal of and interest accrued on the Bank Loans.

D. The amount of Series 1990 Bond proceeds equal to the Reserve Account Requirement shall be remitted to the Bond Commission for deposit in the Reserve Account in the Sinking Fund.

E. \$108,193.67 of the proceeds of the Series 1990 Bonds shall be deposited with the Depository Bank in the Series 1990 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay Costs of Issuance of the Series 1990 Bonds and miscellaneous costs of refunding the Prior Bonds at the written direction of the Board. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose, such unapplied proceeds shall be transferred by the Issuer to the Construction Fund established in Section 4.01 hereof. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 1990 Bonds from which such proceeds are derived.

F. The balance of the proceeds of the Series 1990 Bonds shall be deposited in the Construction Fund and applied to payment of Costs of the Project in accordance with Section 3.16 hereof.

Section 3.16. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly. Disbursements from the Construction Fund, except for payment of costs of issuance of the Series 1990 Bonds in excess of the moneys available in the Costs of Issuance Fund fees and expenses of the Consulting Engineers, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Construction Fund to the Redemption Account, to be applied to redemption of the Series 1990 Bonds at the earliest redemption date thereof.



## ARTICLE IV

### SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, (except as set forth in this Section 4.01) and used solely for the purposes provided herein:

- (1) Revenue Fund;
- (2) Depreciation Fund;
- (3) Operation and Maintenance Fund;
- (4) Costs of Issuance Fund;
- (5) Construction Fund; and
- (6) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special fund and accounts are hereby established with and shall be held by the Bond Commission:

- (1) Sinking Fund;
  - (a) Within the Sinking Fund:
    - (i) Capitalized Interest Account;
    - (ii) Reserve Account; and
    - (iii) Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the

purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first each month transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, beginning on the first day of that month which is 7 months prior to the first date on which interest on the Series 1990 Bonds is to be paid from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Bond Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Sinking Fund, and in the Redemption Account therein in the case of Term Bonds which are to be redeemed, on the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment or mandatory redemption date of the Bonds, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Bonds on the next ensuing principal payment or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing principal payment or mandatory redemption date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory redemption date, the required amount of principal coming due on such date.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of, premium, if any, and interest on the Bonds as the same shall become due, whether

by maturity or redemption prior to maturity. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Sinking Fund when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1990 Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity in accordance with the provisions hereof.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Reserve Account which have the effect of reducing the assets therein below the Reserve Account Requirement, first, from the Depreciation Fund, and then from the first Net Revenues available after all other required payments to the Sinking Fund, including any deficiencies for prior payments, have been made in full; provided, that the Issuer shall not be required to restore such deficiency when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate amount of Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, each month, apply such moneys, to the full extent necessary, for deposit into the Reserve Account, as a result of any withdrawal from the Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of

investments in the Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Reserve Account is less than the Reserve Account Requirement, or (ii) amounts have been withdrawn from the Reserve Account for deposit into the Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be sufficient, and shall be used to restore the amount of moneys on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement; provided, that in no event shall the amount deposited into the Reserve Account in any month be less than, in the event the deficiency in the Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to not less than 1/4th of the amount of such deficiency, and otherwise, an amount equal to not less than 1/12th of the amount of the deficiency in the Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the Reserve Account (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the Reserve Account shall have been made equal to the Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Reserve Account Requirement.

Amounts in the Reserve Account shall be used only for the purpose of making payments of principal of, premium, if any, and interest on the Bonds when due, when amounts in the Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Reserve Account in excess of the Reserve Account Requirement shall be withdrawn each month and deposited in the Construction Fund, until completion of the Project, and thereafter in the Revenue Fund.

(5) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, transfer to the Depreciation Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for the account of the Reserve Account in the Sinking Fund. No further payments shall be required to be made into the

Depreciation Fund when there shall have been deposited therein, and so long as there shall remain on deposit therein, the sum of \$200,000.

Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in the Reserve Account (so that the amount on deposit therein is at least equal to the Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Fund (including the Reserve Account);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System; or

(d) For the payment of debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such land and depreciable renewals, repairs, extensions, improvements and additions to the System.

Moneys in the Depreciation Fund in excess of a sum which, upon resolution of the Board, is sufficient for the purposes of capital replacements, additions or improvements for the System or any part thereof during the then present Fiscal Year and the next ensuing Fiscal Year may be transferred by the Issuer to the Redemption Account and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the Issuer may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(6) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, accrue the surplus then remaining in the Revenue Fund until there is on deposit in the Revenue Fund a sum equal to the

budgeted Operating Expenses for the remainder of the then current Fiscal Year and the next ensuing Fiscal Year. Any excess of moneys then remaining in the Revenue Fund may be used for any lawful purpose of the System.

(7) If on any monthly payment date the Revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Bond Commission shall, on or prior to any interest or principal payment date, remit to the Paying Agent the amount payable on the Bonds on such interest or principal payment date, to the extent that moneys are available in the Sinking Fund for such payment.

D. The moneys on deposit in the Revenue Fund and the Depreciation Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

E. The Issuer shall remit from the Revenue Fund to the fees and charges, when due, of the Bond Commission, the Registrar, the Paying Agent and the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the fees and charges, when due, of the Bond Commission, the Registrar, the Paying Agent and the Depository Bank.

F. All tap fees, if any, shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE V

### INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the trust department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provision shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Depreciation Fund shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) Qualified Investments acquired for the Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment. The Issuer shall, so long as no payments are then due and owing on the Bonds, monthly withdraw from the Reserve Account any earnings on the moneys deposited therein and any other funds in excess of the Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in the Reserve Account an amount at least equal to the Reserve Account Requirement. The Issuer shall deposit such moneys withdrawn by it into

the Construction Fund, until completion of the Project, and thereafter into the Revenue Fund.

(C) The value of the Qualified Investments shall be determined as of the end of each month, and shall be calculated as follows:

(i) As to Qualified Investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such Qualified Investments so published on or most recently prior to such time of determination;

(ii) As to Qualified Investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such Qualified Investments by any 2 nationally recognized government securities dealers (selected by the Issuer) at the time making a market in such Qualified Investments or the bid price published by a nationally recognized pricing service; and

(iii) As to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(iv) As to any Qualified Investment not specified above: the value thereof established under prevailing industry standards.

If amounts on deposit in the Reserve Account shall, at any time, be less than the applicable Reserve Requirement, such deficiency shall be made up from first available moneys after required deposits to the Sinking Fund (i) over a period of not more than 4 months, in an amount each month equal to at least 1/4 of the deficiency, in the event such deficiency results from a decrease of 10% or more in the market value of the Qualified Investments on deposit in the Reserve Account and (ii) over a 12-month period, in an amount each month equal to at least 1/12 of the deficiency, in the event such deficiency results from a withdrawal from such Fund.



All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged. All earnings on moneys deposited in the Capitalized Interest Account shall be withdrawn monthly and deposited into the Construction Fund, until completion of construction of the Project, and thereafter into the Revenue Fund.

(D) Notwithstanding the foregoing, all moneys deposited in the Sinking Fund may be invested by the Bond Commission in the West Virginia "restricted consolidated fund" (Fund No. 140) managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the Gross Proceeds (as such term is defined in the Code) of the Bonds in such manner and to such extent as may be necessary, so that such Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on such Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a Tax Compliance and Use of Proceeds Certificate, or similar instrument (the "Tax Certificate") relating to investment restrictions, use of proceeds of the Bonds, payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1990 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and to the extent necessary to comply with such Regulations, to take such actions, or refrain from taking such actions as may be necessary, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund held by the Depository Bank such sums as are necessary to cause the aggregate

amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 5.03B. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03B in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

## ARTICLE VI

### ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, but shall be payable solely from the Net Revenues of the System, the moneys in the Sinking Fund and all accounts therein, and other sources provided for herein.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, to the extent necessary to make the payments required under Section 4.03. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized, and to make the payments into the Sinking Fund, and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the principal of and interest on the Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Prior to the issuance of the Series 1990 Bonds, just, reasonable and equitable rates and charges for the use of the services and facilities of the System have been or will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Governing Body of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be

revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates and charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than the sum of (i) 125% of the maximum annual Debt Service on the Bonds in each Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to apply to the Public Service Commission of West Virginia as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination by the Governing Body that less than the above-required coverage exists or in the event that the annual budget shows that less than the above-required coverage will be available at any time during the next ensuing Fiscal Year, such increase to provide rates and charges sufficient to produce such required coverage.

The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered January 12, 1990, (Case No. 88-679-S-CN), and such rates are hereby adopted.

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will continuously operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Resolution.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Resolution as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission

unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of \$50,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$50,000 but not in excess of \$200,000 the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$50,000 and not in excess of \$200,000, shall be deposited by the Issuer into the Depreciation Fund. Such payments of such proceeds into the Depreciation Fund shall reduce the amounts required to be paid into said fund by other provisions of this Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of \$200,000 and insufficient to defease the pledge created by this Resolution, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in aggregate principal amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Revenues of the System, except such additional parity Bonds, shall

contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such Revenues and in all other respects to the Bonds.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Bonds and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the Revenues of the System shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Governing Body of the Issuer a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in the 1st succeeding year after the date of issuance of such parity Bonds shall not be less than 125% of the maximum annual Debt Service on the following:

- (1) The Series 1990 Bonds;
- (2) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in the 1st succeeding year," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed with the Governing Body of the Issuer prior to the issuance of such additional parity Bonds. The Net Revenues actually derived from the System during the preceding Fiscal Year hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, and filed with the Governing Body, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such additional parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer covenants that not later than 1 day following the delivery of such additional parity Bonds, the Issuer shall have entered into written contracts for the immediate construction of such additions, betterments or improvements to the System which are to be financed by such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Series 1990 Bonds, and all the covenants and other provisions of this Resolution (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1990 Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account

of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

No additional parity Bonds shall be valid unless authenticated pursuant to Section 3.03. Prior to such authentication, registration and delivery, the Registrar shall receive those documents prescribed by Section 3.12 with respect to the Series 1990 Bonds, modified as deemed necessary by the Registrar to reflect the issuance of such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the Revenues of the System is subject to the prior and superior lien of the Bonds on such Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Resolution on account of the Bonds then Outstanding if any (excluding the Depreciation Fund), and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of the additional parity Bonds.

The Issuer may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or



destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by public service districts of equivalent size with respect to works and properties similar to the System to protect the Issuer from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Issuer, with the review of an independent insurance consultant, may elect to self-insure. If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of such independent insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent required by the State or ordinarily carried by private or public corporations owning and operating similar utilities as the System.

E. BUSINESS INTERRUPTION INSURANCE, to the extent required by the State or ordinarily carried by private or public corporations owning and operating similar utilities as the System.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the Revenues or of any other funds of the System, in an amount at

least equal to the total funds in the custody of any such person at any one time.

G. All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the System or any part thereof shall be deposited at the option of the Issuer, but subject to the limitations hereinafter described, either (i) into the Depreciation Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the Redemption Account for the purpose of purchasing or redeeming Bonds.

The Issuer shall not be entitled to deposit insurance proceeds or condemnation awards into the Depreciation Fund pursuant to clause (i) above (and such proceeds and awards shall be deposited directly into the Redemption Account pursuant to clause (ii) above) unless there shall have been filed with the Issuer within a reasonable time after the damage, destruction or condemnation (i) a certificate from the Consulting Engineer that the proceeds of the insurance or condemnation awards deposited into the Depreciation Fund, together with other funds in the Depreciation Fund available for such purposes, will be sufficient to repair, rebuild, replace or restore such property to substantially the same condition as it was in prior to its damage, destruction or condemnation (taking into consideration any changes, alterations and modifications that the Issuer may desire), (ii) an opinion from the Consulting Engineer that the System can be repaired, rebuilt, replaced or restored within 2 years following the damage, destruction or condemnation thereof and (iii) an opinion of the Consulting Engineer that, in each of the 3 Fiscal Years following completion of such repair, rebuilding, replacement or restoration, the Issuer will be in compliance with its obligations hereunder, including, without limitation, its obligations under Section 6.04 hereof. If the certificate described in clause (i) above is not rendered because such proceeds or awards, together with funds on deposit in the Depreciation Fund are insufficient for such purposes, the Issuer may deposit excess moneys in the Revenue Fund and any other legally available funds (including proceeds from additional Bonds) in the Depreciation Fund in an amount required to enable the Consulting Engineer to render its certificate. If the insurance proceeds or condemnation awards deposited in the Depreciation Fund are more than sufficient to repair the damaged property or to replace the destroyed or taken property, the balance thereof remaining shall be deposited to the credit of the Revenue Fund.

Section 6.10. Report of Consulting Engineers. The Issuer shall, at least once every 2 years, retain recognized qualified

independent Consulting Engineers to review the operation, maintenance and repair of the System and to report to the Governing Body in writing their recommendations and comments pertaining to the System. Such biennial report of the Consulting Engineers, or a summary thereof, shall be made available, upon request, to the Original Purchaser and any Bondholder.

Section 6.11. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of its waterworks system to all delinquent users of services and facilities of the System and will not restore such services of its waterworks system until all billing for charges for the services and facilities of the System, plus reasonable

interest penalty charges for the restoration of service, has been fully paid.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser, within 120 days following the end of each Fiscal Year, and shall mail to any Bondholder requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses and Net Revenues derived from the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution, and the status of all such funds and accounts.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary

thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the Act and/or the by-laws, rules of procedure and resolutions of the Issuer, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Original Purchaser and which audit report shall include a statement as to whether the Issuer is in compliance with the terms and provisions of this Resolution.

Section 6.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service

Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.17. Designation of Series 1990 Bonds as "Bank Qualified". The Issuer and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 1990 and hereby designates the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1990 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1990 Bonds during the term thereof is, under the terms of the Series 1990 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1990 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1990 Bonds during the term thereof is, under the terms of the Series 1990 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property

or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1990 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of any project financed thereby, or if the Series 1990 Bonds are for the purpose of financing more than one project, a portion of such project, and shall not exceed the proceeds used for the governmental use of the portion of such project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1990 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1990 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1990 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 1990 Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions or fail to take any actions the result of which would adversely affect such exclusion.

Section 6.19. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective Series of Bonds.

## ARTICLE VII

### DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal or Redemption Price of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder provided, however, that no such default shall constitute an Event of Default if such default shall be capable of cure but not during such 30 day period, so long as the Issuer diligently pursues the cure of such default; or

(C) If the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within 90 days.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or Redemption Price of or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right



to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Acceleration. If an Event of Default has occurred and is continuing, the Holders of not less than 25% in aggregate principal amount of any series of Bonds then Outstanding may, by immediate notice in writing from such Holders or from the Registrar on behalf of such Holders to the Issuer and the Paying Agent, declare the principal of all Bonds then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in this Resolution or in the Bonds to the contrary notwithstanding.

Section 7.04. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge

rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Bonds issued pursuant to this Resolution. Unless otherwise provided by law, such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any Event of Default under the provisions of this Resolution, and the title to and

ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.05. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

Section 7.06. Notice of Default. The Registrar shall mail to the Issuer and all Bondholders written notice of the occurrence of any Event of Default within 60 days after the Registrar shall have actual notice (assuming that said Event of Default has not theretofore been cured) that any such Event of Default shall have occurred. The Registrar shall not, however, be subject to any liability to any of the foregoing entities or persons by reason of its failure to mail any such notice.

## ARTICLE VIII

### REGISTRAR; PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 1990 Bonds shall be appointed pursuant to the Supplemental Resolution. The Chairman of the Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit

any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond. Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or Bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond. Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a

Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Registrar shall also serve as the Paying Agent. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder

and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

## ARTICLE IX

### DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or such escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of redemption premium, if any, and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or such escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from



such reinvestments shall be paid over to the Issuer as received by the Bond Commission or such escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Defeasance Obligations.

## ARTICLE X

### MISCELLANEOUS

#### Section 10.01. Amendment or Modification of Resolution.

This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, solely for the purpose of maintaining the tax-exempt status of the Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Bonds then Outstanding and affected thereby, which must be filed with the Governing Body of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his, her or its attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgements of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Registrar.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be cancelled and delivered to the Registrar, or, if surrendered to the Registrar, be cancelled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall

look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Pea Ridge Public Service District  
P. O. Box 86  
Barboursville, West Virginia 25504  
Attention: Chairman

REGISTRAR AND PAYING AGENT

The Central Trust Company, N.A.  
201 East 5th Street  
Cincinnati, Ohio 45202  
Attention: Corporate Trust Officer

DEPOSITORY BANK

The First State Bank  
660 Central Avenue  
Box 295  
Barboursville, West Virginia 25504  
Attention: President

ORIGINAL PURCHASER

Raymond, James & Associates, Inc.  
(A Division of Raymond, James Financial, Inc.)  
880 Carillon Parkway  
St. Petersburg, Florida 33716

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Governing Body or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser.

Section 10.10. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Holders of the Bonds, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Bond Legislation provided.

Section 10.11. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Bonds.

Section 10.12. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience

of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 10.13. Table of Contents and Headings. The Table of Contents, headings and catchlines of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.14. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

Section 10.15. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.16. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 29th day of May, 1990.

  
\_\_\_\_\_  
Chairman, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of Pea Ridge Public Service District on this 29th day of May, 1990, at a special meeting after the giving of the required public notice and at which a quorum was present and acting throughout, and which resolution has not been modified, amended, revoked or otherwise altered (except as set forth in the Supplemental Resolution, described herein and adopted concurrently herewith) as of the date hereof.

Dated this 13th day of June, 1990.

Ronald B. Sizemore  
Secretary, Public Service Board

EXHIBIT A

[FORM OF FRONT OF BOND]

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PEA RIDGE PUBLIC SERVICE DISTRICT  
SEWER REFUNDING REVENUE BOND,  
SERIES 1990

INTEREST RATE      MATURITY DATE      BOND DATE      CUSIP NO.

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That PEA RIDGE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision duly organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, beginning \_\_\_\_\_ 1, 1990 (each an "Interest Payment Date"), except as the provisions hereinafter set forth as to redemption may become applicable hereto. The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender of this Bond at the office of



\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as  
Paying Agent and Registrar (the "Registrar"); and interest on this  
Bond is payable by check or draft, mailed to the Registered Owner at  
his address as it appears on the books of the Registrar on the  
15th day of the month preceding said Interest Payment Date (the  
"Record Date"), or, if requested in the case of a Registered Owner of  
\$500,000 or more of the Bonds, by wire transfer to a domestic bank  
account specified in writing at least 5 days prior to such Interest  
Payment Date by such Registered Owner.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS  
BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL  
FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts,  
conditions and things required to exist, happen and be performed  
precedent to and in the issuance of this Bond have existed, have  
happened and have been performed in due time, form and manner as  
required by law, and that the amount of this Bond, together with all  
other obligations of said Issuer, does not exceed any limit prescribed  
by the Constitution or statutes of the State of West Virginia, and  
that a sufficient amount of the revenues of the System (as hereinafter  
defined) has been pledged to and will be set aside into said special  
fund by said Issuer for the prompt payment of the principal of and  
interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act (as hereinafter  
defined) is and has all the qualities and incidents of a negotiable  
instrument under the Uniform Commercial Code of the State of West  
Virginia, but may be transferred only upon the surrender hereof at the  
office of the Registrar and otherwise as provided by the  
within-described Resolution.

This Bond is, under the Act, exempt from all taxation by the  
State of West Virginia and the other taxing bodies of said state.

This Bond shall not be entitled to any benefit under the  
Resolution, or become valid or obligatory for any purpose, until the  
Certificate of Authentication and Registration hereon shall have been  
manually signed by the Registrar.

The Issuer and the Registrar shall not be required to issue  
or transfer any Bonds during a period beginning with the close of  
business on the Record Date next preceding any Interest Payment Date  
and ending at the close of business on such Interest Payment Date.

All provisions of the Resolution and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, PEA RIDGE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)  
Chairman

ATTEST:

(Manual or Facsimile Signature)  
Secretary

(FORM OF)

CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above on the Date of Authentication set forth below. Imprinted on the reverse hereof is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Date of Authentication: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

[FORM OF REVERSE OF BOND]

This Bond is one of a series of bonds, in the aggregate principal amount of \$\_\_\_\_\_, (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated \_\_\_\_\_ 1, 1990, upon original issuance, the proceeds of which are to be used, together with certain grant moneys and other available funds of the Issuer (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements (the "Project") for the public sanitary sewerage system of the Issuer (the "System"); (ii) to refund certain sewer revenue bonds and bank loans of the Issuer outstanding in the aggregate principal amount of \$\_\_\_\_\_ (collectively, the "Prior Bonds"), which Prior Bonds were issued to finance the cost of acquisition and construction of the System and additions, betterments and improvements therefor; (iii) to pay capitalized interest on the Bonds during the period of acquisition and construction of the Project and for not to exceed six months thereafter; (iv) to fund a reserve account for the Bonds; and (v) to pay certain costs of issuance of the Bonds and refunding of the Prior Bonds. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution duly adopted by the Governing Body of the Issuer on \_\_\_\_\_, 1990, and supplemented by a resolution duly adopted by said Governing Body on \_\_\_\_\_, 1990 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

Optional Redemption: The Bonds maturing on or after \_\_\_\_\_ 1, 19\_\_\_\_, shall be redeemable prior to their stated dates of maturity at the option of the Issuer on or after \_\_\_\_\_ 1, 19\_\_\_\_, in whole at any time or in part on any interest payment date, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the respective redemption prices (expressed as percentages of the principal amounts to be redeemed) set forth below, plus interest accrued to the redemption date:

<u>Redemption Periods</u> <u>(Both Dates Inclusive)</u>	<u>Redemption</u> <u>Prices</u>
--	------------------------------------

Mandatory Sinking Fund Redemption: The Bonds are subject to mandatory sinking fund redemption prior to maturity, in part by random selection as may be determined by the Registrar, on \_\_\_\_\_ 1 of the years and in the principal amounts as set forth below, at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date, without premium:

<u>Bonds Maturing</u>	<u>1.</u>
<u>Year (            1 )</u>	<u>Principal</u> <u>Amount</u>

\* Final maturity

<u>Bonds Maturing</u>	<u>1.</u>
<u>Year (            1 )</u>	<u>Principal Amount</u>

\* Final maturity

<u>Bonds Maturing</u>	<u>1.</u>
<u>Year (            1 )</u>	<u>Principal Amount</u>

\* Final maturity

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar by mailing an official redemption notice by first class mail, or in the case of a Registered Owner of \$500,000 or more in principal amount of Bonds, by registered or certified mail, postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register (as defined in the Resolution) or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the

redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The principal of, premium, if any and interest on the Bonds are payable only from and are secured by the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, all moneys in the Sinking Fund established under the Resolution (including the Reserve Account therein), and the unexpended proceeds of the Bonds, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of, premium, if any, and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Resolution. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Sinking Fund and said unexpended Bond proceeds. Under the Resolution, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least 125% of the maximum annual amount required to pay the interest on and principal of the Bonds as the same become due and accomplish retirement of all obligations for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered and to make any required payments into the Reserve Account. Such required payments on behalf of the principal of and interest on the Bonds shall constitute a first charge upon the Net Revenues of the System. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is hereby and in the Resolution designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

[FORM OF ABBREVIATIONS FOR SERIES 1990 BONDS]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with the right of  
survivorship and not as tenants in  
common

UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors  
Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used  
though not in the above list.

[FORM OF ASSIGNMENT FOR SERIES 1990 BONDS]

For value received, the undersigned hereby sells, assigns  
and transfers unto \_\_\_\_\_ the within Bond,  
and all rights thereunder, and hereby irrevocably constitutes and  
appoints \_\_\_\_\_, attorney to transfer the  
said Bond on the bond register, with full power of substitution in  
the premises.

Dated: \_\_\_\_\_

Please insert Social Security  
or other identifying number  
or transferee: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

NOTICE: The transferor's signature to this Assignment must  
correspond with the name as it appears on the face  
of the within Bond in every particular without  
alteration or any change whatever.

06/18/90  
PRJ.A6/69258/86001





PEA RIDGE PUBLIC SERVICE DISTRICT

\$2,700,000

Sewer Refunding Revenue Bonds, Series 1990

SUPPLEMENTAL RESOLUTION PROVIDING AS TO AMOUNT, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 1990, OF THE DISTRICT; AUTHORIZING AND APPROVING A CONTRACT OF PURCHASE, A REGISTRAR'S AGREEMENT, AN ESCROW AGREEMENT AND AN OFFICIAL STATEMENT RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, ESCROW TRUSTEE AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, Pea Ridge Public Service District (the "Issuer"), in the County of Cabell, State of West Virginia, is a public service district and a public corporation and political subdivision of said State, the governing body of which is its public service board;

WHEREAS, the public service board of the Issuer duly and officially adopted a resolution on the May 29, 1990 (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING SEWERAGE SYSTEM OF PEA RIDGE PUBLIC SERVICE DISTRICT, THE REFUNDING OF THE DISTRICT'S OUTSTANDING SEWER REVENUE BONDS, DATED DECEMBER 1, 1964, AND OTHER SEWERAGE SYSTEM OBLIGATIONS OF THE DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 1990, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$2,700,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING, TO PAY A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF SUCH ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE SEWERAGE SYSTEM OF THE DISTRICT AND TO PAY COSTS IN CONNECTION WITH SUCH REFUNDING AND THE ISSUANCE OF SUCH BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE

EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS  
RELATING TO THE ISSUANCE OF THE BONDS AND  
EFFECTING SUCH REFUNDING; AUTHORIZING THE SALE  
AND PROVIDING FOR THE TERMS AND PROVISIONS OF  
SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING  
THERE TO.

providing for the issuance of its Sewer Refunding Revenue Bonds, Series 1990 (the "Series 1990 Bonds"), in an aggregate principal amount of not to exceed \$2,700,000 for the purpose of refunding and redeeming certain outstanding sewer revenue bonds and other sewerage system borrowings (collectively, the "Prior Bonds") of the Issuer, funding a reserve account for the Series 1990 Bonds and paying costs and expenses in connection therewith, as set forth and described therein, all in accordance with Chapter 16, Article 13A, of the Official West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution provides that the exact principal amount of the Series 1990 Bonds to be sold and the maturities, interest rates, redemption provisions and the price of the Bonds should be established, that a Paying Agent, Registrar, Escrow Trustee and Depository Bank be designated and that other matters pertaining to the Series 1990 Bonds be provided for by supplemental resolution of this Board upon receipt of a Contract of Purchase acceptable to this Board and that other matters in connection therewith be herein provided for;

WHEREAS, the Series 1990 Bonds are proposed to be purchased by Raymond James & Associates, Inc., St. Petersburg, Florida (the "Original Purchaser"), pursuant to a Contract of Purchase dated May 29, 1990 (the "Contract of Purchase") and presented to this meeting;

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Resolution; and

WHEREAS, this Board deems it essential and desirable that this Supplemental Resolution be adopted and that the Contract of Purchase, the Registrar's Agreement and the Escrow Agreement hereinafter provided for be approved and entered into by the Issuer, that the Official Statement relating to the Series 1990 Bonds, hereinafter described, be approved, that the price of the Series 1990 Bonds, the maturity dates and amounts, the redemption provisions, the

interest rates, and the exact principal amount of the Series 1990 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 1990 Bonds be herein provided for, all in accordance with said Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PEA RIDGE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 1990 Bonds in the aggregate principal amount of \$2,700,000. The Series 1990 Bonds shall be dated May 1, 1990, upon original issuance, shall bear interest at the rate of 9.25% per annum, payable semiannually on May 1 and November 1 of each year, commencing November 1, 1990, and shall mature on May 1, 2020.

Section 2. The Series 1990 Bonds shall be redeemable prior to their stated date of maturity at the option of the Issuer on or after May 1, 2000, in whole at any time or in part on any interest payment date, by random selection as may be determined by the Registrar, at the respective redemption prices (expressed as percentages of the principal amounts to be redeemed) set forth below, plus interest accrued to the date fixed for redemption:

<u>Redemption Periods</u> <u>(Both Dates Inclusive)</u>	<u>Redemption</u> <u>Prices</u>
May 1, 2000 through April 30, 2001	103%
May 1, 2001 through April 30, 2002	102
May 1, 2002 through April 30, 2003	101
May 1, 2003 and thereafter	100

The Bonds are subject to mandatory sinking fund redemption prior to maturity, in part by random selection as may be determined by the Registrar on May 1 of the years and in the principal amounts set forth below, at a redemption price equal to the principal amount of each Bond so redeemed, plus interest accrued to the date fixed for redemption without premium:

<u>Year (May 1)</u>	<u>Principal Amount</u>	<u>Year (May 1)</u>	<u>Principal Amount</u>
1993	\$ 20,000	2007	\$ 75,000
1994	25,000	2008	85,000
1995	25,000	2009	95,000
1996	25,000	2010	100,000
1997	30,000	2011	110,000
1998	35,000	2012	125,000
1999	35,000	2013	135,000
2000	40,000	2014	150,000
2001	45,000	2015	160,000
2002	50,000	2016	180,000
2003	55,000	2017	195,000
2004	60,000	2018	215,000
2005	65,000	2019	235,000
2006	70,000	2020*	260,000

\* Final Maturity

If a Bond is called for redemption in part, such Bond shall be renumbered and exchanged for a Bond of the amount then outstanding, without charge to the Bondholder.

All other provisions relating to the Series 1990 Bonds shall be as provided in the Resolution, and the Series 1990 Bonds and the text thereof shall be in substantially the form provided in the Resolution.

Section 3. The Contract of Purchase between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman and the sealing and attestation by the Secretary of the public service board of the Contract of Purchase on behalf of the Issuer, and the performance of the obligations contained therein, are hereby authorized, approved, accepted and directed. The Chairman and Secretary shall execute and deliver the Contract of Purchase with such changes, insertions, variations and omissions as may be approved by the Chairman. Execution of the Contract of Purchase by the Chairman shall be conclusive evidence of any approval required by this Section. The price of the Series 1990 Bonds, pursuant to the Contract of Purchase, shall be \$2,619,000 (97.0% of par value), plus interest accrued from the date of the Series 1990 Bonds to the date of delivery of the Series 1990 Bonds, expected to be on or about June 13, 1990.

Section 4. The Official Statement dated May 29, 1990 (the "Official Statement"), substantially in the form submitted to

this meeting (with such changes, insertions, variations and omissions as may be necessary or advisable in the opinion of the Chairman) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman and Secretary, if necessary, shall execute and deliver the Official Statement with such changes, insertions, variations and omissions as may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 5. The Registrar and Paying Agent Agreement (the "Registrar's Agreement") dated as of June 13, 1990, by and between the Issuer and the Registrar designated herein, substantially in the form submitted to this meeting, and the performance of the obligations contained therein, shall be and the same is hereby approved, authorized and accepted. The Chairman shall execute and deliver the Registrar's Agreement with such changes, insertions, variations and omissions as may be approved by the Chairman. The execution of the Registrar's Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The Escrow Agreement by and between the Issuer, the West Virginia Municipal Bond Commission and the Escrow Trustee designated herein, dated as of June 13, 1990, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Chairman shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the Chairman. Execution of the Escrow Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 7. The Issuer does hereby appoint and designate The Central Trust Company, N.A., Cincinnati, Ohio, for the purpose of serving in the capacities of Registrar, Paying Agent and Escrow Trustee and The First State Bank, Barboursville, West Virginia, for the purpose of serving as Depository Bank.

Section 8. The firm of Steptoe & Johnson, Clarksburg, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 1990 Bonds, and the Contract of Engagement, dated as of May 29, 1990, by and between the Issuer and Steptoe & Johnson, in the form presented to this meeting is hereby approved. The Chairman is hereby directed to execute and deliver such Contract of Engagement.

Section 9. The Issuer and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 1990, and hereby designates the

Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

Section 10. The Chairman, Secretary and other officers of the Issuer are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1990 Bond issue hereby and by the Resolution approved and provided for. Any requirement for execution of any such document, agreement, instrument or certificate by the Secretary shall mean that such document, agreement, instrument or certificate may be executed by the Acting Secretary and the Acting Secretary is so authorized.

Section 11. Under the provisions of the Act, and as provided in the Resolution and the Series 1990 Bonds, the Series 1990 Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the net revenues derived from the operation of the sewerage system of the Issuer and the Series 1990 Bonds Reserve Account established by the Resolution, and the other sources provided therefor in the Resolution and the credit of the Issuer is not pledged for, and no tax shall ever be levied for, payment of the Series 1990 Bonds or the interest thereon.

Section 12. The refunding and redemption of the 1964 Bonds, and the Bond Loans is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. All resolutions, supplemental resolutions, orders or parts thereof in conflict with the provisions of this Supplemental Resolution (excluding the Resolution) are, to the extent of such conflict, hereby repealed. The supplemental resolution of the Issuer adopted May 29, 1990, is hereby specifically repealed.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of June, 1990.

PEA RIDGE PUBLIC SERVICE DISTRICT

William C. Hughes  
Chairman, Public Service Board

Ronald B. Sizmore  
Member, Public Service Board

Thomas I. Thompson  
Member, Public Service Board

06/05/90  
PRJ.J3  
69258/86001



CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Pea Ridge Public Service District on this 5th day of June, 1990, at a special meeting duly held, pursuant to proper notice thereof, a quorum being present and acting throughout, and which Supplemental Resolution has not been modified, amended, or revoked as of the date hereof.

Dated this 13th day of June, 1990.

[SEAL]

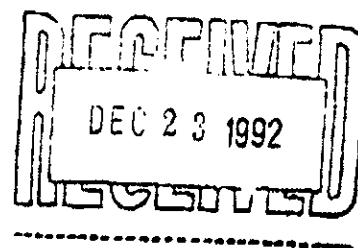
Ronald B. Sizemore  
Secretary, Public Service Board



WRD 1A-82  
Revised 7-91



STATE OF WEST VIRGINIA  
DIVISION OF NATURAL RESOURCES  
WATER RESOURCES SECTION  
1201 Greenbrier Street  
Charleston, West Virginia 25311



NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

**WATER POLLUTION CONTROL PERMIT**

Permit No. WV0027413

Issue Date: December 28, 1992

Subject: Sewage Facilities

Effective Date: January 28, 1993

Expiration Date: December 27, 1997

Supersedes: WV/NPDES Permit No. WV0027413  
Issue Date January 21, 1986

Location: "A"-Plant near Barboursville  
"B"-Plant near Huntington Cabell Guyandotte

	(City)	Outlet No. 001 - "A" Plant	(County)	Outlet No. 002 - "B" Plant	(Drainage Basin)
Outlet	Latitude:	38° 25' 09" N		Latitude: 38° 24' 47" N	
Sites:	Longitude:	82° 17' 54" W		Longitude: 82° 21' 41" W	

To whom it may concern:

This is to certify that Pea Ridge Public Service District, P. O. Box 86, Barboursville, WV 25504 is hereby granted a NPDES Water Pollution Control Permit to operate and maintain three (3) existing wastewater collection systems and two(2) existing extended aeration wastewater treatment plants which are further described as follows:

A wastewater collection system comprised of approximately 24,100 linear feet of six(6) inch diameter gravity sewer line, 75,700 linear feet of eight(8) inch diameter gravity sewer line, 13,700 linear feet of 10 inch diameter gravity sewer line, 3,800 linear feet of 12 inch diameter gravity sewer line, 457 manholes, 12 cleanouts, 14 lift stations, 600 linear feet of two(2) inch diameter force main, 8,500 linear feet of six(6) inch diameter force main, 5,700 linear feet of eight(8) inch diameter force main and all requisite appurtenances.

A 0.64 MGD extended aeration wastewater treatment plant, identified as "A" Plant, comprised of an aerated grit chamber, a mechanical bar screen, three(3) aeration chambers with a volume of 214,500 gallons each, two(2) rectangular clarifiers with a volume of 35,200 gallons and a surface area of 588 square feet each, one(1) circular clarifier with a volume of 76,100 gallons and a surface area of 1,017 square feet, ultraviolet disinfection facilities, an aerobic digester with a volume of 164,700 gallons, a sludge dewatering belt press and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 6,400 persons in the eastern portion of the Pea Ridge Public Service District and discharge treated wastewater through Outlet No. 001 to the Guyandotte River at Mile Point 6.8.

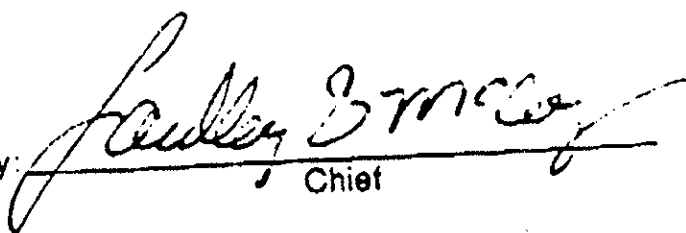
The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0027413, dated the 23rd day of October, 19 90.

\_\_\_\_\_ ; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the State Water Resources Board.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0027413, dated the 23rd day of October, 19 90

\_\_\_\_\_, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 5A, Chapter 20 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 5A, Chapter 20 of the Code of West Virginia and is transferable under the terms of Section 7 of said article.

By:   
Chief